

FINANCIAL TIMES

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**10p

BEARINGS
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NEWS SUMMARY

GENERAL

Power bills: aid for needy

The end of the id an impression that this cost from the fact of last year's if £36.6m. on, which was der £200m. in April. on their average households, hard-hit by a year in helping electricity costs, are to be helped by the Government. It is more the subsidy of £25m. announced last night by Mr. Anthony Wedgwood Benn, Energy Secretary, will help to cut their power bills by up to 25 per cent. The scheme is aimed at those of the kind of being paid supplementary benefits or the family income supplement. Average households will be of the order of £7.50 over the quarter, but very large users up to £25.

Massa suspects forced to go to hospital

People suspected of having the killer disease have been forced to go to hospital, or to have a medical examination, for the first time today. The order was rushed through yesterday by the Government. It applies also to rabies suspects.

Holiday protest

An MP protested yesterday to Mr. Merlyn Rees, Ulster Secretary, over the privilege of a week's summer holiday at home for 230 prisoners at the Maze. The majority of whom have been convicted of terrorist offences. Mr. Nicholas Winterbottom, Conservative MP for Macleodfield, said: "I'm amazed." Ulster news, to be on page 9.

Lauda conscious

Doctors in Mannheim working to save the life of world motor racing champion Niki Lauda, critically injured when his Ferrari crashed and burst into flames during the West German Grand Prix, said yesterday he was conscious but needed a respirator to breathe.

Devolution paper

The Government will publish a White Paper, "Tying up loose ends of devolution," before presenting the Bill to Parliament in November. Page 10. SNP outlines policies, Page 9.

Stiffer powers

Proposals to strengthen the Government's powers over recruitment of mercenaries are expected to be introduced today.

Rescue held up

Heavy rain has forced rescuers to suspend attempts to reach hundreds of people trapped for the second day in a Rocky Mountain canyon near Denver, Colorado, which was ravaged by a flash flood which took at least 56 lives.

15 more quakes

Fifteen more earthquakes yesterday and 110 tremors since last Wednesday have hit the devastated area of Tangshan, China. Page 5.

Briefly

Russian Olympic diver Sergei Nemstov, 19, who is seeking asylum in Canada, has been granted the right to stay in Montreal until January 30. Soviet officials claim he was kidnapped and psychologically brainwashed. Marks and Spence has put up the entire cost of training and equipping the British team for the 1976 Olympics for the Disabled, which opens in Toronto today. Lord Feather, former general secretary of the TUC who died last week aged 68, was cremated yesterday at Kettering, Northants. Pakistani groups throughout Britain have joined forces to campaign for the banning of racist organisations. Doctors in Rhodesia, faced with the possibility of the country's guerrilla war, are learning ways of treating bullet and bomb wounds from colleagues in Northern Ireland. Rhodesia signs of white exodus, Page 17.

BUSINESS

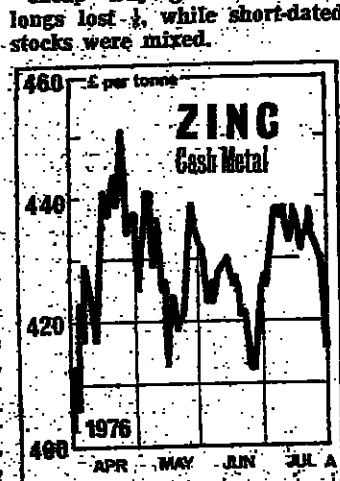
£ closes at \$1.7885; D-mark stronger

STERLING closed at \$1.7885, down 60 points on the day in trading. Its trade-weighted depreciation was unchanged at 38.8 per cent; dollar's widened to 2.17 (2.13) per cent. West German mark's strength caused further strain in the European "snake," forcing the Belgian, Danish and Swedish currencies to their lowest permitted levels and prompting intervention by European central banks.

GOLD fell 75 cents to \$111.875.

EQUITIES made a modest rally after being marked down most of the day. FT 30-share index down 25 at 2 p.m., closed at 3671.12 ahead on the day.

6%LTs fell initially but recovered some ground on "cheap" buying. Mediums and longs lost, while short-dated stocks were mixed.



ZINC Cash Metal

BASE METAL prices fell in London. Metal Exchange. With a rise in warehouse stocks, cash zinc slipped \$15.75 to \$416 a tonne. Page 23.

WALL STREET fell 2.38 to 362.25.

U.S. TREASURY Bill rates fell at this week's auction. Three was \$1.15 (5.194) per cent; six was 5.473 (5.497) per cent.

Kleinwort links with Goldman Sachs of U.S.

KLEINWORT RENSON is to merge its entire U.S. dollar money management operation into a new company, based in New York, to be jointly owned with U.S. investment bankers Goldman Sachs. Back Page.

REPRESENTATIVES of both sides in Tate and Lyle's disputed takeover bid for Manbre and Garton put their views to Mr. Fred Peart, Minister of Agriculture. Back Page.

STEEL CORPORATION and the South of Scotland Electricity Board have failed to reach agreement on the site for a nuclear power station in Ayrshire. Page 9.

HARBOUR WORK to be carried out by Balfour Beatty Construction at Jebel Ali near Dubai will be worth over £100m. Page 4.

SIR RICHARD MARSH, who retires as British Rail chairman next month, will become part-time chairman of the Newspaper Publishers' Association. Page 9.

Men and Matters, Page 12.

COMPANIES

ASSOCIATED NEWSPAPERS, which owns the Daily Mail and London Evening News, is making an agreed £2.5m. bid for builders and glass merchants, John M. Newton. Page 20.

BARKER AND DOBSON accounts have been qualified by auditors Pannell Fitzpatrick, who say that they are unable to express an opinion on the company's state of affairs at March 27 or on the loss for the year. Page 18 and Lex.

SLATER WALKER's future shape and course is expected to become clearer after results of the long-awaited accounts are published about the middle of this month. Back Page.

Mulley faces heavy pressure after Tameside verdict

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

Mr. Fred Mulley, Secretary for Education and Science, was last night facing heavy political pressure from Conservatives and the Labour Left.

The pressure follows the Law Lords' unanimous ruling yesterday that he acted unlawfully in directing the Tameside council to institute full-time comprehensive secondary schooling in its area of Greater Manchester.

The five Lords' ruling gave the Conservative council the final go-ahead for its scheme to override opposition by teachers' unions and select 240 children from nearly 800 applicants for places this September in the area's deprived grammar schools.

Meanwhile, Mr. Mulley—former barrister—and his advisers were trying to assess the effect of the ruling on the new Education Bill requiring local education authorities to reorganise their secondary schools on fully comprehensive lines.

Since the Law Lords are not expected to give their reasons for their judgment until October, its implications remain uncertain.

But it could well weaken the Secretary of State's powers to act against the 30-odd authorities which, either openly or tacitly, are resisting the principle of fully comprehensive schooling supported by the Bill.

The Lords' decision follows the

grant by the High Court last month of an order requiring the Tameside council to comply with Mr. Mulley's directive to its Labour-controlled predecessor's comprehensive scheme.

Mr. Mulley had issued the directive in June under Section 68 of the 1944 Education Act, to "dragging their feet," and so the new legislation which has just received its second reading in the House of Lords seems to be seriously threatened.

The immediate response of Labour MPs, especially those on the Left to whom comprehensive schooling is a major article of faith, was to demand amendment of the 1944 Education Act to stiffen the Secretary of State's powers of direction.

It might be possible for this to be achieved by an amendment to the Bill during its committee stage in the Lords later this year.

But such a step would not doubt be strongly opposed by Conservative Peers and, probably worse, from Mr. Mulley's viewpoint, any amendment which might increase his powers of direction over curricula and teaching methods, as well as the structure of schooling, would seem bound to be opposed by the main teachers' unions.

Free from any such dilemma, Mr. Norman St. John-Stevens, shadow Education Secretary, welcomed the Lords' judgment as a victory for democracy.

"Never again will an Education Minister be able to behave with dictatorial arrogance to parents and councillors," he declared.

Continued on Back Page

By Michael Donne, Aerospace Correspondent

Aviation policy in doubt: Minister

The Government admitted yesterday that a period of uncertainty lay ahead in civil aviation policy as a result of last Friday's High Court judgment that it had acted illegally in withdrawing Laker Airways' Atlantic Skytrain designation.

Mr. Edmund Dell, Secretary for Trade, told the Commons that he was considering that ruling urgently to decide whether to appeal.

But he added that "it seems to me that one question raised by the judgment is whether the Government is entitled to have a policy on these matters."

This was a reference to the question whether other aspects of the Government's White Paper on Civil Aviation of last February were now valid, including the "route-swapping" plan between British Airways and British Caledonian Airways to create a new "spheres of interest" policy.

Mr. Dell said the Skytrain judgment as the Government's second rebuff in the courts in a week—coming after the Court of Appeal's rejection of a plea. The Education Secretary over Tameside schools.

Attention

Sir Derek Walker-Smith (C. Herefordshire East) told Mr. Dell to send a minute to his Ministers "calling their attention to their duties in respecting the law."

Mr. Norman Tebbit (C. Chingford) said the Government should accept the courts' decision, "and stop making policy on these matters a political football."

Mr. Dell replied that whatever decision be reached about the decision of an appeal in the Skytrain case, would mean a period of uncertainty.

High Court's decision had left "a doubt" about the Government's whole civil aviation policy.

He said, however, that at this stage the main question was whether the Department of Trade would appeal. Any other question such as that of compensation for Laker Airways, would have to await any such appeal.

So far as the U.K. airlines are concerned, the matter is now firmly in the Department's court. They are resigned to the fact that the period of uncertainty Mr. Dell mentioned could last some months, since any appeal is not likely to be heard until the autumn.

An alternative to an appeal would be for the Government to propose new legislation embodying all its plans for route-swapping and scrapping the Skytrain.

But Sir Geoffrey Howe, the Tory spokesman, accused the

Continued on Back Page

U.K. reactor plans 'should be cancelled'

BY ARTHUR SMITH

BRITAIN'S pioneering project for a new steam-generating heavy water reactor should be cancelled, according to the U.K. Atomic Energy Authority. It instead favours the U.S. light water reactor.

However, Mr. Anthony Wedgwood Benn, the Energy Secretary, made it clear last night that he would not easily be shifted from the Government decision of two years ago to go ahead with the project.

He warned that cancellation could in some cases place the credibility of British nuclear technology at risk. Such a decision would also have repercussions on the authority's desire to press ahead with the fast breeder reactor.

Mr. Wedgwood Benn, who was answering questions from the Commons Select Committee on Science and Technology, disclosed that the programme for the SGHWR had already fallen behind schedule in its first two years.

This "natural slippage" had made it possible to defer the project for another 12 months and to realise savings of £40m. in the recent round of nationalised industry spending cuts announced for 1977-78.

The delay had arisen from technical problems and the need to do extensive extra work on the development of safety standards, go back regularly to the drawings.

Mr. Wedgwood Benn firmly ruled out any suggestion that he had a decision but Britain's commitment to the project was large and he would not be driven easily from the 1974 decision to go ahead with the scheme.

He said the five major recommendations of the authority following its review of the reactor programme were:

1. For a variety of reasons the SGHWR programme looked less attractive than two years ago. On a result of safety and release balance the consensus was that it criteria more severe than those should be replaced with advanced set for the LWR.

2. One of the important objectives of nuclear policy should be to maintain the viability of its design capacity.

3. The AGR programme now looked more promising than two years ago.

4. Subject to a satisfactory review of the LWR by the nuclear inspectorate, there was a strong argument that Britain's future needs for thermal reactors should be met by the introduction of LWRs under licence.

5. Efforts should be made to maximise the export potential of the nuclear industry.

Mr. Benn argued that to opt for the LWR would mean a total reversal of policy and set aside two years' valuable work on the project. There was also the possibility of the same delay in developing the replacement reactors to the equivalent level of the SGHWR.

Mr. Benn stressed that no decision to cancel the SGHWR had been taken. The Government had not yet even reached any preliminary sort of view.

However, the Energy Secretary maintained that he was firmly of the view that policy should not be chopped and changed. "I am a believer that in the field of high technology you cannot go back regularly to the drawing board."

He did not want to prejudice industry. He had a decision but Britain's commitment to the project was large and he would not be driven easily from the 1974 decision to go ahead with the scheme.

The committee drew Mr. Benn's attention to comment from the South of Scotland Electricity Board that the SGHWR programme looked less attractive than two years ago. On a result of safety and release balance the consensus was that it criteria more severe than those should be replaced with advanced set for the LWR.

Continued on Back Page

Healey calls upon CBI to show patriotism

BY PHILIP RAWSTORNE

MR. DENIS HEALEY, Chancellor of the Exchequer, called on the CBI yesterday to "show the same patriotism" as the trade unions in supporting the Government's economic measures.

Referring to the CBI decision to shelve its investment initiative in protest against the 2 per cent increase in national insurance contributions, Mr. Healey said the TUC had not allowed the cuts in public expenditure to affect its backing for the counter-inflation policy.

"I would hope that those on the other side of industry would show similar powers of leadership and patriotism," he said in the Commons debate on his economic package.

Mr. Healey said that despite "some hasty words" he was confident that investment would rise reduction in next year's public sector borrowing requirement by the impact of the increase in

employers' contributions would be widely spread over the economy and would have a relatively delayed effect on demand for resources.

Relaxation of the Price Code would more than offset its effect on company profits, and there should be no change in industry's ability or willingness to invest.

Mr. Healey insisted that the increased contributions, which he estimated would add about 1 per cent to the retail price index by early 1977 and the same to manufacturers' costs, would be far less damaging than other options he might have taken. The total increase in labour costs would be no more than about 1½ per cent.

"I do not believe it would have been possible to bridge the remaining gap of £700m. in the reduction in next year's public sector borrowing requirement by further reductions in public ex-

penditure without putting at risk some of the Government's most important objectives," he declared.

Increases in direct or indirect taxes would have undermined the counter-inflation policy, and like further spending cuts would have depressed demand and reduced industrial activity and profitability, he said. "I think it most unlikely that industrialists would have preferred a four-point increase in the standard rate of VAT to have the same effect on the PSBR."

The increased contributions would temporarily affect liquidity and profits, but at a time when company profits should be improving and the domestic economy would be more buoyant.

But Sir Geoffrey Howe, the Tory spokesman, accused the

Continued on Back Page

Water cuts will hit industry

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

INDUSTRY in eastern South Wales will be ordered to cut water consumption by half from the beginning of September under emergency measures announced yesterday by the Welsh National Water Authority.

The restrictions will almost certainly mean that many companies within the three counties of Gwent, Mid-Glamorgan and South Glamorgan will have to introduce a three-day working week and some will have to shut down completely, warned the Welsh region of the Confederation of British Industry.

Worst affected will be the textile and chemical sectors. ICI Fibres, for instance, has a works at Pontypool and BP Chemicals and Dow Chemicals have major plants at Barry.

However, special provision will be made for the food processing industries and South Wales's two largest employers, coal and steel, should not suffer unduly as they have adequate water supplies from their own sources.

The British Steel Corporation's

Llanwern works outside Newport, and its East Moors works in Cardiff, together with GKN's rod and bar mills also in Cardiff, are all in the affected area. Wiggins Teape and Rover Cars have plants in the area.

The steel industry draws much of its water from non-domestic sources, such as rivers, and uses sophisticated re-cycling systems. The National Coal Board pumps about 2m. gallons a day from the South Wales pits, which it uses mainly at its coal preparation plants. Mainly water is used for catering and, in some cases, for showers.

The emergency measures were drawn up by the Water Authority following a meeting with industrialists and local authorities in Cardiff.

Homes in the three counties will have water supplies turned off for 12 hours every night from next Monday. Companies which do not comply with the order to have their use of water will have supplies cut off completely under the measures ex-

pected to be given approval in the House of Commons this week.

Mr. John Collins, assistant secretary of the CBI's Welsh Region, said last night: "If some companies with continuous processes have to shut down it could be a month before they are able to restart production. Some have installed recycling equipment but for others, where savings are impossible, it could be a disaster."

Mr. Dick Lillier, operations manager of the water authority, pointed out that only a fifth of the average rainfall has fallen in South Wales since April. Most reservoirs were half empty.

"Without restrictions there are now only reserves for ten weeks. If we have even 12 inches of rain in the next month it will only maintain the present position."

"The cut-offs to industry can be avoided only if there is continuous substantial rainfall," he added.

Continued on Back Page

August car imports surge likely

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

CAR IMPORTERS are once again set to take advantage of the buoyant August market conditions at the expense of British manufacturers, who are likely to suffer a similar reverse to the outcry for import controls last year.

In line with the general experience in recent years, August sales are expected to show a marked improvement on July, because many customers who bought their cars last month prefer to wait for delivery until they can get the new "R" registration suffix.

But the fact that sales will shoot ahead from the very low July

levels of last month—when registrations are believed to have reached about 59,000 units—is small comfort for the British manufacturers, who are likely to suffer a similar reverse to the outcry for import controls last year.

Ford, which is making alterations to its Barchin factory for the introduction of the Fiesta and other new products, has because many customers who bought their cars last month prefer to wait for delivery until they can get the new "R" registration suffix.

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*Operates until September 28th 1976.

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

ARSONSON BROS.	43 + 5
ALEXANDERS DISCOUNT	190 + 5
AUST AND NZ BANKING	487 + 12
LEVERBROOK	281 + 8
BRIDGEMAN	147 + 10
ROUND DIFFUSION	8 + 24
JBW	444 + 4
ASMO/SCOT	305 + 4
CELESTIC COPPER	365 + 3
FALLS	80 - 2
IRONX BCG	80 - 2

GARROD SCOTLAND	66 - 4
HAWKER SIDDELEY	410 - 4
IMRY PROP.	185 - 7
SEDFWICK FORBES	218 - 7
UNILEVER	422 - 6
WEARWELL	19 - 3
YORKSHIRE CHEMICALS	114 - 4
STIEBENS (U.K.)	170 - 7
AKA AND S	269 - 15
EAST DIEFENTHOF	475 - 25
HAMMERSTEIN	220 - 10
HARTBEAST	890 - 40
POSEIDON	245 - 10
VAL REELS	350 - 25
WINKELSHANK	350 - 25

LOMBARD

A civil servant's
Magna Carta

BY ANTHONY HARRIS

"BITTER LATE than never" is perhaps the most enthusiastic response which anyone can muster to the news that the Government, only four years after the Franks report, proposes to amend the Official Secrets Act, but most commentators have greeted the news not only with reluctance, but with suspicion, and quite right too. There is a very real possibility that in the name of freedom of information, the law will in fact be tightened.

Such thoughts, however, are pure speculation. It is still possible that the new proposals will be genuinely intended to be liberal. However, I will publicly eat a copy of the new Bill, complete with schedules and explanatory memoranda, if it proposes to breach what seems to be the central and accepted principle of British secrecy: that the advice given to Ministers must be confidential. Through all the discussions of what should and should not properly be covered by official secrecy, this notion has hardly been questioned, even by otherwise liberal critics of the present state of affairs. In the mouths of its official upholders, such as Lord Hunt or Lord Radcliffe, it assumes the dignity of a Magna Carta—a civil servant's Magna Carta at the very least. The truth is that it is a damaging nonsense.

Confidentiality

The first question is, indeed, how on earth the authorities have managed to get away with it for so long. Perhaps it is because the idea is stated in a form which sounds reasonable: civil servants might not give such frank advice if they thought it was liable to be published. Well, of course they would not. But cannot believe that Sir X.Y., whose abilities have been recognised with a knighthood, cannot contrive to advise his Minister as privately as he no doubt advises the would-be employer of his late cook, Mrs. A. Z.

But why should anyone who doesn't object to confidentiality object to its legal protection? Four reasons immediately suggest themselves, and I'm not sure which is the strongest. First, legally enforced secrecy makes it very difficult to account for past mistakes. Second, it actually helps politicians to commit their follies. Third, it restricts the advice available to Ministers (and thereby wastes public money). Finally, it

encourages and enshrines the nanny mentality in Whitehall.

The search for the bodies is of course the exciting one, and one could fill columns after columns with questions which cannot, under the present law, be answered. It is true that the Foreign and Commonwealth Office helped the repellent President Amin to overthrow the relatively unobjectionable Dr. Milton Obote, and if so, whose idea was it? Did Mr. (now Lord) Barber ever consider the idea of a simple Value Added Tax, based on company accounts, instead of the present enormity? Who thought we had an earthly chance in the Cold War? Did anyone warn Mr. Crosland about the results of the 1974 Rent Act?

While most of us with a special interest—say in the management of the foreign exchange markets or of monetary policy—have a gossipy idea of the answers to such questions, there is no official answer, only an official fiction of Ministerial responsibility. This makes it nearly impossible for us to learn from our mistakes (the most valuable teacher we have), and so far from making Ministers more circumspect in their decisions, I suspect it makes them more reckless. They stuff idiotic measures from their manifesto down the throats of cabinet departments, knowing that the warnings of their officials will never reach the ears of the Opposition.

On top of this, the existence of the Act makes it difficult for Ministers to take the advice of well-qualified people in the academic and business world, and makes it necessary to set up duplicate research and analysis teams inside Whitehall. To take one example, there is a fundamental review of housing policy now going on in the Department of the Environment, but for every opinion that it is happening, let alone what is being considered. In the end, we will only be told what is thought good for us. In this way embarrassing advice is smothered, issues are fudged, and genuine debate about the future of the country is lost. As for the embarrassing glare of publicity, I offer one double-edged sword from Washington, where there really is open government. Mr. I. F. Stone is well known for his persistent revelations of official error and muddle, and I once asked him what kind of people were his informants. "Informants!" It would be death to talk to me. It's all in the printed record, as a matter of fact—it's just that I'm the only one who reads it all."

THE RECENT announcement that Sir Harold Wilson will be chairman of the committee that is to set up the new British Film Authority is an overdue step for Wardour Street. With a former Prime Minister at the helm, at last the problems of the film industry are being taken seriously. The committee will find—as did the John Terry working party which proposed the establishment of a British Film Authority—that information on which to base its decisions is hard to obtain. Indeed, the Terry report singled out the lack of statistics about the industry—and collation of information will be one responsibility of the new authority.

With the Annan inquiry still deliberating on the future of television, and with activity in industrial films, educational video, new technologies such as teletext and kine, all contributing to the climate of change, a real problem facing both Sir Harold and Lord Annan is going to be one of demarcation. It is becoming increasingly difficult to define the film industry and certainly to know where film ends and television begins.

In the centre of this problem is the challenging job of finding out. Whereas all practitioners in the moving picture (and still picture) business have much in common—they are all using screens to communicate something, and more frequently the message has useful or important social consequences—they still tend to suffer from their own communication problems.

Unique range

People or organisations in search of information have no obvious rallying point. For example, last week a Government agency telephoned to ask for training material about broadcast television—especially for overseas use—could be obtained. Such a question is potentially difficult to aim—it could go to the BBC, which has a big training department but is largely concerned with its own problems; or the Royal Television Society, the Training Services Agency, the Central Office of Information or even a film school which includes television in the curriculum.

As it happens, the British Kinematograph, Sound and Television Society has an

educational and training committee which is probably unique in the world for its range of knowledge and activity in this field. It runs regular training courses and at least one of its members was at directly responsible for training South Africa's first generation of television technicians.

The same committee deals with film training as well. So presumably the new British Film Authority will be able to direct a film inquirer—but would never attract a television question if its brief or name excludes television. This would be slightly absurd and a great opportunity would be lost for providing a single signposting unit to serve the media industries.

The need for signposting is obvious. There are some 80 national, professional and trade associations in the U.K. concerned with some aspect of film, television or audio-visual media. They range from the large and institutional—such as the British Film Institute and the Independent Broadcasting Authority—to the small and specialised: like the newly-formed Video Dealers' Association and the unexpected Wide Screen Association.

Meanwhile, what does a puzzled inquirer do? Ironically, Britain is probably the best-served country in the world for the breadth and depth of information available—and still the only country with its own (British) National Film Catalogue.

There are a number of fundamental starting points, depending on the nature of the inquiry. If it is concerned with the art, history or culture of film, the British Film Institute comes top of the list. For art in film, the Arts Council of Great Britain has unique expertise. Community users of film and video, anywhere, will find few better sources of information than the Greater London Arts Association (which has its own film and video officer). For film societies, there is the British Federation of Film Societies, and for amateur film-making the Institute of Amateur Cinematographers.

Industrial and commercial users should start with the British Industrial and Scientific Film Association, but if a query relates to advertising uses of film, the Screen Advertising Association is the expert. Un-

fortunately, searchers for knowledge in television advertising have been deprived of a goldmine of statistics and research assistance with the closure of the British Bureau of Television Advertising (it was expensive to run). But another rich seam of statistics on TV set ownership, sales, and imports, is to be found at the British Radio Equipment Manufacturers' Association; similar statistics on audio-visual equipment should be sought from the Industrial Council for Educational Training and Technology (which has the same secretariat serving other related bodies on behalf of equipment manufacturers).

In the educational sector, the choice of starting points is bewildering and needs some preliminary training. For the availability of media for educational use, the Educational Foundation for Visual Aids offers a wide range of advice; but if the inquiry relates to higher education, best try the British Universities Film Council (which, in spite of its title, has expertise in television, too). On the other hand, the school teacher who merely wants to incorporate film studies in his curriculum should approach the Society for Education in Film and Television.

Specialist

Such examples are really only a trailer of the things to come when the serious researcher begins to probe. Perhaps an easier way is to simply ask the specialist press: for broadcasting matters, the weekly *Broadcast* magazine; trade matters *Screen International*; industrial and commercial topics *Video and Film* or *Audio Visual*; an eclectic view of hard information on an international level, *Screen Digest*; education, again a range of publications such as *Visual Education* and *Educational Broadcasting*; technical information, the *Journal of the British Kinematograph, Sound and Television Society*.

If all else fails, the press have attempted to rationalise matters by recently forming the Film and Video Press Group. But there is still the Critics' Circle, the Broadcasting Press Guild, the Writers' Guild (née Screenwriters' Guild), and the Film and TV Press Guild to ensure full freedom of choice. In fairness, each has very different functions, but that is the subject of another article...

APPOINTMENTS

Distillers' new chairman

Mr. J. R. Carter, deputy chairman of the DISTILLERS COMPANY, has been appointed chairman in succession to Sir Alex McDonald, who has retired from that position.

Mr. David Gideon Thomson has been appointed deputy chairman of the ROBERT STIGWOOD GROUP. Mr. Gideon Thomson is senior legal adviser in the U.K. for the Polygram Group of companies and has been on the Board of the Robert Stigwood Group for two years.

Mr. Colin Drinkwater has been appointed chairman of W. W. DRINKWATER, a subsidiary of the Rossminster Group.

Mr. Ken Carpenter has been appointed managing director of RINNAL INDUSTRIES (U.K.), a subsidiary of the Rinnal Corporation of Japan.

Mr. T. P. McManus has been appointed a director of SAFT (UNITED KINGDOM), a subsidiary of SAFT France. He joined the company as marketing manager in 1967 and became divisional manager in 1972.

Mr. Geoff Hollyhead, previously works director, has been made managing director of Bagle Engineering, part of the BEST AIR GROUP. This follows the appointment of Mr. John Jeavons-Fellows, previously chairman and managing director, as chairman of the company, as well as at Bagle Engineering.

Mr. Reginald Baxter has been appointed a director of JOSEPH HADLEY (INDINGS) and of Joseph Hadley (Insurance) and has also been made managing director of Joseph Hadley (Continental).

Mr. John Stewart has been appointed a director of DORCHESTER HOTEL.

Mr. G. A. Adkin has been appointed a director of the BRITISH AND COMMONWEALTH SHIPPING. Mr. L. B. T. Galloway has joined the Board of CAYZER IRVINE AND COMPANY.

Mr. Charles Michael Henderson has been appointed a director of WITAN INVESTMENT.

Mr. G. J. E. Butcher has been appointed commercial director, and Mr. D. G. Norledge has become technical director of WEISHAUP (U.K.).

Mr. David J. Hunt, company secretary of INDUCTOTHERM EUROPE, has been appointed a director.

Col. H. S. J. Jelf has become co-executive chairman and Mr. P. J. Prever, managing director, of CORINTHIAN HOLDINGS. Mr. T. H. Barnes and Mr. M. J. Cecil E. Baker relinquish the post of plant manager at Denham to become manager, high speed project and succeeded by Mr. Don Judd, Mr. William C. Bull group.

Mr. G. A. Black, joint managing director of Martin Black and Co. (Wire Ropes), has been appointed chairman and a director of CELTIC LIFTING SERVICES. Mr. E. K. O. Jenkins, a director of Celtic Lifting Services and Martin Black Wire Ropes (Home Sales), becomes managing director of Celtic Lifting Services.

Mr. M. S. Posner, previously managing director of Henry Telfer (J. Lyons and Co. group) has been appointed deputy director of personnel administration for the UNITED NATIONS CHILDREN'S FUND (UNICEF) based in New York.

Mr. Geoffrey Suckling has resigned as chairman and chief executive of the EAST SUSSEX ENGINEERING GROUP following the acquisition of the company by Aurora Holdings.

Mr. W. A. Dawes and Mr. J. R. Taylor have been appointed executive directors of WILLIAM THOMPSON.

Mr. D. S. Fitt has been appointed assistant director of R. K. HARRISON AND CO. Mr. R. A. Aldridge and Mr. R. J. Even have become directors of R. K. Harrison, J. I. Jacobs (Insurance).

Mr. Bengt Ahlberg has been appointed to the Board of ASEA, London.

Mr. Eric Williamson has resigned from the Board of GRAND METROPOLITAN following his recent appointment as executive of Chief and Brewer on medical advice.

Professor John White has been appointed chairman of the Review Committee on the EXPORT OF WORKS OF ART on the retirement of the Earl of Perth.

On October 1, Mr. E. S. Booth, chairman, Yorkshire Electricity Board, Leeds, will take over from Mr. R. J. Clayton, technical director, the General Electric Company, as president of the INSTITUTION OF ELECTRICAL ENGINEERS for 1976-77.

Mr. R. A. H. Brand has been appointed an executive director of JAMES WARREN AND CO.

Mr. James Daly has been appointed managing director of RANK FILM LABORATORIES in place of Mr. Raymond Duffield, who now becomes managing director of Rank Leisure Services. Mr. Duffield will also be vice-chairman of Rank Film Laboratories.

Other changes within Rank Film Laboratories include Mr. Roy R. Smith as controller of operations, Mr. Jack Berner continues as director and general manager; Mr. T. H. Barnes and Mr. M. J. Cecil E. Baker relinquish the post of plant manager at Denham to become manager, high speed project and succeeded by Mr. Don Judd, Mr. William C. Bull group.

becomes manager of engineering Mr. Colin P. Newman, technical manager; Mr. Ashley Hopkin production planning manager; Mr. Edward L. Thomas, financial controller; Mr. James W. Brown controller of administration; Mr. Arthur H. Hall, company personnel; and Mr. Leo Buchanan, manager of Rank Film Centre has been promoted to general manager with responsibility for Rank Post Productions.

J. E. SANGER has made a following group of appointments and reappointments in management. Mr. N. S. Cobbo (formerly a partner of Fleming Grahame) has been appointed director and also retained present duties as chairman from November 1, Mr. J. E. Sanger, who continues as executive chairman, has relinquished the post of managing director to concentrate on overall policy and planning for future growth and development. J. G. Jackson, Mr. R. M. Nori and Mr. R. A. Thornton, all now directors, have been made responsible for specific group activities. Jackson, who joined the company in 1972 as finance director, continues to be responsible for group finance. Mr. Norton, director since the formation of the group in 1969, and present joint managing director of a group's Australian subsidiary, return to London to accept overall responsibility for the international most trading operations. Mr. Thornton, a director since 1972, will be responsible for development of special services within the company, and in conjunction with Mr. Cobbo will be responsible for the development of the group's plant diversification into allied fields.

Mr. John Valley has been appointed managing director. Mr. Walter Lawrence and Mr. H. W. He succeeds Mr. Frank Hare who has retired from that position but remains on the Board of the parent company, Wal Lawrence as a non-executive director.

Rear-Admiral Derek Spink has taken over as director of technical services of the STANFORDS INSTITUTION, which is responsible for standards programme. An appointment follows the retirement of Major-General J. Gavin.

Mr. R. O. Barker, general chief general manager, MIRA Bank, has been cleared of charges of mismanagement of the MIRA TRUST MANAGERS who administer the MIRA Trust of unit trusts. He succeeds Mr. M. G. Wilson, a director of chief general manager, MIRA Bank, who remains on the Board.

Mr. Brian A. Carter, Jonathan Cohen and Mr. David Stewart have become directors of COUNTRY BANK. Mr. David Stewart continues as director. Mr. John Wood has been appointed local director at Edinburgh office. Country Bank the merchant banking member of the National Westminster Bank group.

RACING

BY DOMINIC WIGAN

In Haste may take hat trick

FIVE PREVIOUS winners headed by the unbeaten Jack Weathered Hotfoot, in Haste, are due to line up for today's £4,000 Heronville Stakes at Ayr, and this event should provide a fine spectacle.

In Haste, a strongly-made chestnut colt, who cost only 130 guineas as a yearling, has won each of his two races in the manner of an above-average juvenile.

A three-length winner from Neil Diamond and 18 others at Newcastle in June, where he raced on the unfavourable side of the course, In Haste followed up a few weeks later on a return to Gosforth Park, defeating Melox, to whom he was conceding 8 lb., by two and a half lengths in the valuable Bothal Stakes.

In Haste, who has plenty of further improvement in him, looks good enough to complete the hat trick in spite of the presence of Taffy and Crucial Decision, who recently fought out the finish to Newmarket's Sweet Solera Stakes.

Noel Murless has his horses in peak condition at present and few are likely to oppose his wife's promising Connaught filly, Take 16 lb.

At Redcar my idea of the best horses, Lester Pigott's mount, has been improving steadily in recent weeks, and last time out she showed that a modest event such as today's would be within her compass when falling by the Handicap.

The Harry Wragge-trained colt put up his best performance to date when forging clear close

home to beat Piccadilly Etta the twelfth White Horse Handicap on the Berkshire course, a reproduction of that for should see him accounting for Pontresina.

Later in the afternoon, interesting race should develop for the seven-furlong Killde Stakes, in which three fillies, Love Story and Pay Roll, are opposition. Lucia Cuman Colomade, who makes a quiet return to the course following her smooth Newmarket victory of four days ago, is the selection.

AYR
2.45—Jacky
3.45—In Haste

BRIGHTON
2.00—Take Popper
2.30—Kallistima
3.00—Sovereign Ford
3.30—Lord David
4.00—Briar Patch
4.30—Banshee

REDCAR
3.00—Veronica Heron
3.30—Natalia Wides
4.00—Northern Lady
4.30—Colomade

Colorado beetle found in cargo

HEALTH OFFICIALS visited Telford, Devon, yesterday after Colorado beetle was found in a cargo of wheat for France.

When the beetle was found aboard the Dutch coaster Dier 1,000 tons, Ministry of Agriculture officers ordered dockers to stop unloading and immediately seal the cargo which is to be fumigated before being released.

A Ministry spokesman said the beetle, which has prominent black and yellow stripes, was "absolutely voracious," particularly in potato crops, already in short supply.

This advertisement is issued in compliance with the requirements of the Council of the Stock Exchange.

WATERFORD GLASS LIMITED

Issue of £759,723 11½ per cent Unsecured Loan Stock 1976/95 at £100 per cent.

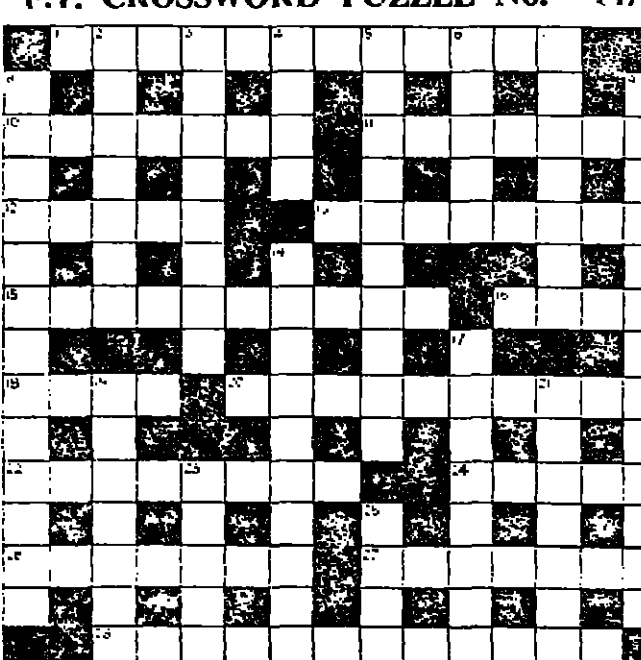
The Council of the Stock Exchange has admitted the above Unsecured Loan Stock to the Official List and dealings in the Unsecured Loan Stock will commence today.

Particulars of the Unsecured Loan Stock will be circulated in the Extra statistical service and copies of the particulars may be obtained during the usual business hours on any weekday (Saturdays excepted) up to and including 18th August, 1976, from the offices of:—

THE INVESTMENT BANK OF IRELAND LIMITED,
91 Pembroke Road, Ballsbridge, Dublin 4.

CAZENOVE & CO.,
12 Tokenhouse Yard, London EC2R 7AN.

F.T. CROSSWORD PUZZLE No. 147



- ACROSS
- 1 A person's sound of mirth is killing (12)
 - 10 Go back, it's on the opposite side (7)
 - 11 A burlesque on the fiddle? (7)
 - 12 Cancel the wash (5)
 - 13 Discount a disadvantage (8)
 - 15 Monarchs arrive in Australia (10)
 - 16 King's first and even eager (5)
 - 17 Here there's impetuosity in the land (4)
 - 20 Shape one broken blade causing fear... (10)
 - 22 ...and what a blade may be—capable of being turned against the user (5)
 - 24 Change older German... (5)
 - 25 ...and East German wealthy bird (7)
 - 27 Fish, but it's a blow to the viewer (7)
 - 28 Being adventurous, go in before leaping open (12)
- DOWN
- 2 Unfavourable notice on poetry (7)
 - 3 Slow dance for Arab in his element (8)
 - 4 Inette to make a wager (4)
 - 5 Gnome accepts his roast but is an epicure (10)
 - 6 Cast half of them a line (5)
 - 7 Provide a substitute for sales-

SOLUTION TO PUZZLE No. 146

- 1 INTERLUDE
- 2 UNFAVOURABLE
- 3 SAMBA
- 4 BET
- 5 GARGOYLE
- 6 GEM
- 7 FISH
- 8 FISH
- 9 FISH
- 10 FISH
- 11 FISH
- 12 FISH
- 13 FISH
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- 26 FISH
- 27 FISH
- 28 FISH

RADIO 1

- 1 247m
- 2 247m
- 3 247m
- 4 247m
- 5 247m
- 6 247m
- 7 247m
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- 10 247m
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RADIO 2

- 1 1300m and VHF
- 2 1300m and VHF
- 3 1300m and VHF
- 4 1300m and VHF
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- 7 1300m and VHF
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RADIO 4

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RADIO 5

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RADIO 6

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St. Matthew Passion

by PAUL GRIFFITHS

Either one does the St. Matthew Passion with the full assembly of large orchestra and enormous choir, or one makes very effort to reproduce the original sound. Sunday afternoon's performance, taking place in a building which virtually imposes the grand jamboree solution, trod the dull, doomed path of compromise. The choir consisted of around 60 BBC Singers and some 40 boys from Wandsworth School, an ensemble too big to be like and darling, too small to fill the Albert Hall with its reverberating sound. There was always a hollowiness in the massed singing, and so a sense of something distant and private. Nothing could be more wrong in a work such as this.

The orchestral tone, too, was neither fish nor fowl. Even the addition of electronic harp, the addition of the electric viola da gamba of Adam Skeaping, the BBC Symphony Orchestra makes modern sound. There is no point in including a few antique instruments if the string band have been done, even with these forces, by a conductor with some definite approach to the work. Charles Mackerras did not have much to offer beyond an ability to keep the going solidly. Occasionally he would lead the chorus in a quick, dancing movement, but any life which might have been engendered was soon lost in the void of the hall.

Crystal Palace

Eric Clapton

by ANTONY THORNCROFT

The "Clapton is God" scrawls have long disappeared from the walls of London but there were enough faithful followers of this unlikely deity to comfortably fill out the open-air concert at Crystal Palace on Saturday.

Some even took to the water that separates the stage from the auditorium to stand shivering and steadily sobering as Clapton stirred the cool evening air with the easily flowing guitar solos which brought him, the reputation of being the finest rock guitarist.

Burdened with such an image Clapton naturally cracked, going from unsatisfactory musical experiments, to hard drugs, to a period of idle obscurity. He has now re-discovered himself in the humble role of leader of a relaxed middle-of-the-road rock band which produces commercially successful songs.

There was nothing of the experimental powerhouse music of his Cream days at Crystal Palace. Clapton switched from traditional blues to singalong hits like "I shot the sheriff," culminating with "Layla," and the inevitable jam session with Freddie King, a more technically accomplished black guitarist, who had appeared earlier in the afternoon.

Clapton deserves some of his fame because he was the originator of the "laid-back" style in rock guitar. He holds his body almost motionless, scarcely seems to move the hands, but the notes still soar out clear and creative, but controlled. By making it look simple he exposed the pretensions of the flamboyant.

African theatre

by B. A. YOUNG

African Theatre Today, by Martin Banham (Pittman, £5.50, paperback £1.95)

African theatre, to-day, can hardly be more than semi-political wishful thinking, and Martin Banham, virtually concedes the point by confining his book to such a small part of Africa. The book is divided into three parts—a long section on West Africa, comprising Nigeria, Ghana, the Gambia and Sierra Leone; a very much shorter section on East Africa, dealing only with Kenya and Uganda; and between them a section on francophone Africa contributed by Clive Wake.

South Africa and Rhodesia are excluded altogether—whether on cultural or political grounds Mr. Banham does not say—and the possibility of there being any theatre in Ethiopia, the Sudan or the Arab states lining Africa's north coast is not even investigated.

Within its somewhat narrow confines, Mr. Banham's book has much that is interesting to say about the theatre being produced by African writers and actors today. We know little of it here (a report on the arts of immigrant minorities by Naseem Khan has lately been published but this calls for a different approach). Wole Soyinka made enough impression with some of his lighter pieces—*The Lion and the Jewel*, *The Trials of Brother Jero*—to prompt a commission from the National Theatre, but it can hardly be said that his work has been taken up by the theatre in England, though he speaks with some knowledge of work in Yoruba. (In Mr. Wake's

section for English read French, but the reference to African dialects gave one mention of Wolof, one of the languages of Senegal, for use in film dialogue.) Not only are the plays written in a language foreign to both writers and audience, but the dramatic principles employed are foreign too, for they stem from the theatre of Europe.

"We might have produced an interesting culture of our own if the British hadn't come," a Swahili chief once said to me. Once the British had come, however, and established themselves as the fulcrum of education, any African culture then in the incubator was doomed: for the ambitious African sees culture and education in firmly European terms. "What are you studying?" I asked a schoolmaster teaching some 50 attentive pupils. "The conflict between church and state in 16th-century Europe," he said. What kind of African culture is to arise from that?

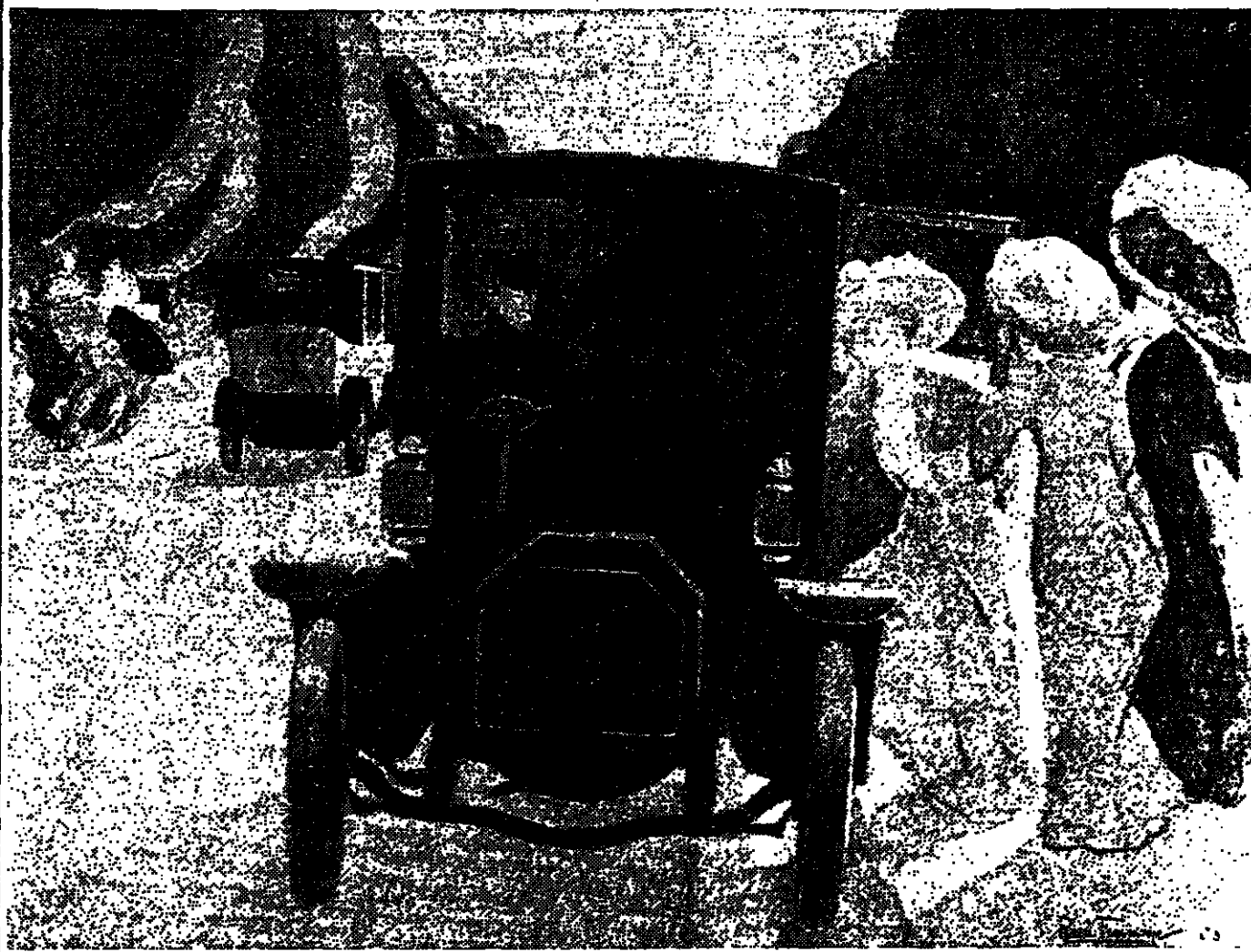
True, most African plays deal with their own domestic problems, and imaginative writers and directors like Mr. Serunianu are beginning to write scripts with indigenous songs and dances. Generally, however, the plays are not really African plays, only imitation French or British plays dealing with African matters—too often, alas, written with inadequate knowledge of the language and the techniques employed.

In South Africa the difference between African theatre and mock-African theatre is very clear. Kuzulu and Ipi Tombi and *Mbumba*, all of which we have seen, are white productions employing black players, not really African plays, only imitation French or British plays dealing with African matters—too often, alas, written with inadequate knowledge of the language and the techniques employed.

Musée Carnavalet, Paris

The Paris scene

by DENYS SUTTON, Editor of Apollo



Roger de la Fresnaye: L'Allée des acacias

The Musée Carnavalet in the Marais district of Paris is not perhaps as well known as it deserves to be, but it has a faithful clientele. Maurice Baring loved it and presented some of the former's watercolours, *Le Carrefour des Rues Baillet et Jean Tison*, is illustrated on the cover of the catalogue. This by the way is a useful document, full of information and written with an agreeable light touch.

An exhibition of this type can tell the visitor much about a period. How interesting to come across a drawing by an unknown artist of an evening given

among the most gifted of such men. Those who cherish the past are delighted to find that a detail of the former's watercolour, *Le Carrefour des Rues Baillet et Jean Tison*, is illustrated on the cover of the catalogue. This by the way is a useful document, full of information and written with an agreeable light touch.

One of the principal treasures of the museum is Prud'hon's portrait of Talleyrand, wearing the costume of Grand Chancellor of the Empire. Fortunately the drawing for this is also in the collection. Both are remarkable and succeed in presenting the happy blend of aristocratic discretion and guile that made this versatile statesman able to navigate the dangerous waters of the Revolution, Empire and Restoration. Both show that psychological observation was by no means confined to nobles.

A great loss to the history of French decoration was the destruction in 1871 of the Hôtel de Ville of Paris which contained decorations by Delacroix and Ingres. However, sketches and drawings survive, among them, *Agreste's plumbago*, sketch of the apothecary of Napoleon, Jules de Goncourt and an unusual sketch of the race course at Longchamp by the son of Gavarni.

Devotees of the Belle Epoque will be amused by Boldini's drawing of Helieu drawing in a café, the sketches of Boni de Castellane and Polaire, the singer, and Roger de la Fresnaye's jolly gouache of the Salon de l'Empereur. How L'Allée des Acacias in which ever, the most beautiful drawing by Ingres on view, and one of the finest items in the show is the portrait of the composer Auguste Paneron.

Corot is generally and rightly thought of as a landscape painter, though he painted some enchanting small portraits and figure studies. He was a devotee of the opera and a fascinating document in his sketch of a musician playing a counter-bassoon at the Paris Opéra. The drawing anticipates the type of work done by Degas.

During the Second Empire, Paris became the pleasure centre in Europe. Many of the works shown recall the age of Gay Paree, the marvellous drawings of carriages and lozenges by Constantin Guys, the enchanting record of the bal Nabilie by Jules de Goncourt and an unusual sketch of the race course at Longchamp by the son of Gavarni.

Devotees of the Belle Epoque will be amused by Boldini's drawing of Helieu drawing in a café, the sketches of Boni de Castellane and Polaire, the singer, and Roger de la Fresnaye's jolly gouache of the Salon de l'Empereur. How L'Allée des Acacias in which ever, the most beautiful drawing by Ingres on view, and one of the finest items in the show is the portrait of the composer Auguste Paneron.

Ronnie Scott's Club

Dizzy Gillespie

by KEVIN HENRIQUES

It sounds too much of a affair with the rhythmic sickly cliché to write that (especially Afro-Cuban) elements of jazz. Even in the familiar ballad "Summertime" the tempo change gives the tune a freshness which belies its age.

As usual Gillespie has an equally rhythmic and poly-rhythmic trio of musicians with him—Mickey Roker on drums, Benjamin Brown on bass and Rodney Jones on guitar. The last-named is a newcomer of considerable talent who, in mid-modern jazz, which secured his permanent place in his history.

"Ole," moves with aplomb from Spanish style *sax* spectrum back to his normal contemporary method. The three provide a glorious past it would be under-standable if, like some illustrious names who perform at Scott's, he played coolly for safety and coasted along, content to satisfy listeners with flashy, facile playing.

For good measure, when not playing trumpet, Gillespie sits at the piano feeding chords and making quiet comments behind the soloing Jones, or attacks him. Always a trumpeter of three conga drums with fierce finely graded dynamics, at Scott's, he plays with amazing control whether going for an achievement—these top notes on whether playing with his firmly-muted, content bell bang close up to the microphone and producing, gentle zephyrs of sound.

In either case the steers' ears are pleased by the warmth, allied with speed and intensity. Practice pianist at the Club, will be tically everything he plays playing opposite him with his redacts his long-lasting love quartet.

Wigmore Hall

Lindsay Quartet

At the last of their three Wigmore Hall recitals, at which the three quartets of Tippett, the Lindsay String Quartet played his Third, from movements nearly as many notes as all the quartets of Shostakovich put together) was excellent. In the fine, big-gestured, big-lyric mixed experiences on the South Bank, to listen to four almost motionless opening of the strings in this hall, where they don't seem lost and where they can sing (if they are able) to their heart's content without having to worry about how much and how well the audience is hearing. The Lindsay can sing, with well-matched, keen, resolute tone which sounds excellent in such circumstances.

Beauty of tone, of course, is not the whole story. There is room in this ensemble's style for more relaxation: not that the tension is always at a high pitch, but they sometimes keep it high for too long, with the result that the music feels pressed and rushed even when the speeds aren't excessive (though a good deal of Tippett's first movement did go too fast for the clarity of the music, if not for the player's comfort). More serious, of course, was a recurrent tendency to unclear intonation. The viola and cello were the worst, though not the only offenders. The weakness was most noticeable in the Mozart, stay another year because I have where Janet Hilton's supple and future commitments.

Keith Michell stays at Chichester

The Board of the Chichester Festival Theatre has asked Keith Michell to continue as artistic director and he has agreed to stay for a fourth year. "I am, of course, very pleased to be on Friday night, was a recurrent tendency to unclear intonation. The viola and cello were the worst, though not the only offenders. The weakness was most noticeable in the Mozart, stay another year because I have where Janet Hilton's supple and future commitments."



Consolidated Statement of Condition

ASSETS	June 30, 1976
Cash and Due from Banks.....	\$ 722,988,521
Time Deposits in Other Banks.....	427,250,043
Federal Funds Sold and Securities Purchased under Agreement to Resell.....	181,050,000
Investment Securities:	
U.S. Treasury Securities.....	591,008,034
State and Municipal Securities.....	419,218,032
Other Securities.....	6,358,310
Trading Account Securities.....	175,235,849
Loans, net of Unearned Discount.....	1,625,777,077
Less: Reserve for Possible Loan Losses.....	(26,211,991)
Direct Lease Financing.....	55,260,235
Customers Acceptance Liability.....	54,424,090
Bank Premises and Equipment.....	89,559,048
Other Assets.....	74,819,083
Total Assets.....	\$4,396,736,311
LIABILITIES	
Demand Deposits.....	\$1,232,110,575
Savings Deposits and Certificates.....	715,712,848
Other Time Deposits.....	748,178,049
Deposits in Foreign Offices.....	452,297,265
Total Deposits.....	\$3,148,298,737
Federal Funds Purchased and Other Short Term Borrowings.....	803,088,153
Acceptances Outstanding.....	54,424,090
Accrued Interest, Taxes and Other Expenses.....	52,982,685
Mortgage Payable.....	3,428,271
Other Liabilities.....	56,547,876
Total Liabilities.....	\$4,118,769,812
EQUITY CAPITAL	
Capital Stock (\$16 Par Value) Authorized and Outstanding 3,137,815 shares.....	\$ 50,205,040
Surplus.....	91,302,760
Surplus Arising from Assumption of Convertible Capital Notes by Parent Company.....	16,677,100
Undivided Profits.....	119,781,599
Equity Capital.....	\$ 277,966,499
Total Liabilities and Equity Capital.....	\$4,396,736,311

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SAMUEL S. GREELEY

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Estate of Norman W. Harris

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Vice Chairman

Inland Steel Company

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UOP, Inc.

WORLD AND NEWS

JEBEL ALI HARBOUR

Balfour Beatty confirms £100m. deal

BY KATHLEEN BISHTAWI

THE VALUE of the work to be undertaken by Balfour Beatty Construction on the new harbour complex at Jebel Ali near Dubai will be in excess of £100m. This was announced today by the company after the signing of an agreement between the Ruler of Dubai Sheikh Rashid bin Said and Balfour Beatty Construction and its joint venture partner Dubai Transport Company (Private).

The agreement is one of the largest ever entered into by a member of the BICC group and is seen by Mr. D. H. Rooney, chairman of Balfour Beatty and an executive director of BICC as "a major opportunity for the group" and "an encouragement to other U.K. exporters." For the quiet young managing director of Dubai Transport, Ahmed Baqer, it is regarded here as a construction coup—following his company's recent entry into a joint venture with Balfour Beatty.

The work covers the erection of 11 kilometres of breakwaters to protect an artificial creek and lagoon and also includes the construction of berths and wharves

to a total length of 10 to 12 kilometres.

Sheikh Rashid has committed the Dubai Government to build the largest port in the Gulf at Jebel Ali, the desert area 17 miles outside of the town which is earmarked to become the Emirate's new industrial zone city. In a series of agreements signed today the Government unveiled its plans to construct a massive 74-berth port (24,000 sq. ft.)

This price does not include on-shore facilities, which by the appearance of the model presented to Sheikh Rashid includes five container cranes, at least 60 warehouses and sheds and bulk cargo handling equipment. The total price is likely to be much more.

The Jebel Ali port will bring the total number of berths available in Dubai up to 111, with the current construction work which is under way in Port Rashid to build a further 22 berths. The port, which will take four years to complete, will be able to handle ships up to 30,000 tons fully laden or 150,000 tons empty.

The agreement signed by the ruler might decide upon. However, as one managing director of a joint venture involved put it, "the amount of the work is mind-boggling, even in Gulf terms." But he added, "it is a great day for Britain."

Steel for the project is to come from a Japanese joint venture which has been formed between Nippon Kokan and Okura. Like other companies involved in the Jebel Ali project, the company are unsure as to how much steel will be required until the negotiations between the contractors, consultants and the Dubai Government are worked out.

At a Press conference after the signing ceremony, Sheikh Hamdan bin Rashid Al Maktoum, the UAE Minister of Finance and son of the Ruler of Dubai, said that the Dubai Government would welcome help from the Federal Government towards funding the project, which they intended to pay for in cash out of incoming revenues.

The first five berths of the Jebel Ali are expected to be completed by the end of 1977, he said.

changes in design which the ruler might decide upon. However, as one managing director of a joint venture involved put it, "the amount of the work is mind-boggling, even in Gulf terms." But he added, "it is a great day for Britain."

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DUBAI, August 2

Cuba ignores Britain's credit offer

BY HUGH O'SHAUGHNESSY

CUBA HAS made little or no use of the £50m. credit offered by Britain last May during the visit to London of Dr. Carlos Rafael Rodriguez, Cuban deputy prime minister.

Trade last year was not noticeably expanded over previous years, imports to Britain totalling £8.3m. and exports from Britain coming to £36.8m. British companies have so far received no major capital goods orders, though the provision of a tyre plant to Cuba in which Dunlop might play a large part is under discussion, as is the project for a big new integrated sugar operation in which Tate and Lyle and

Booker McConnell could participate.

The reasons for the disappointing results are thought to include last year's downturn in the Cuban sugar price, which made the Cubans more cautious in their buying plans.

It seems, too, that the Cuban authorities had no wish to become too indebted to Western countries, as, for instance, Poland is considered by many to have done.

The credit offer last year may also have contained a certain cosmetic element, the Cubans wanting to be seen to have received big offers of money from

the West and Britain wanting to underline its interest in the Cuban market.

Meanwhile Cubans are awaiting the report they commissioned from British consultants on the potential of their tourist industry. The tourist industry has developed rapidly in the past two years, principally on the basis of Canadian visitors but also increasingly with Western European tourists.

Cuba is conscious of the need to import foreign know-how for the industry and train up younger Cubans to international standards of management and service. Club Mediterranée is

already in its second year of operation with a 200-bed installation on a beach east of Havana. The Cuban Government has not yet decided how the import of foreign know-how is to be effected. Among the alternatives it is considering is the establishment of joint ventures with foreign hotel chains.

Other Comecon countries have in the past favoured joint companies with foreign consultants with the local Government holding a majority of shares. Franchising operations under which Comecon holders of foreign franchises would have had to submit to regular inspection and quality control by Western companies have often proved unacceptable.

The largest number of foreign tourists are presently coming from Canada. In the year from this autumn some 45,000 Canadians are expected to visit the island, 15,000 more than this year's total. Scheduled flights between Canada and Cuba, now confined to one weekly service by Cubana and one Havana-Toronto link by Air Canada, are likely to be augmented in October.

U.K. sales pick up in Germany

BY NICHOLAS COLCHESTER

AS A result of the fall in sterling against the Deutschmark, 85 per cent. of the imports of British goods into West Germany fell last year, but this year the picture was equal to, or better than, that of the German competition in the spring of this year. This is the finding of a survey of such importers carried out by the British-German Trade Council.

The survey, which covers the six months period to March 31, confirms the statistical evidence of rising British exports to West Germany. It also provides some clues as to where the importers have seen their advantage this year. In the consumer market

27 per cent. of those polled saw the German economic recovery as the most important factor and 19 per cent. the change in the Sterling-mark parity. In the capital goods market, where the pick-up in the German economy has been less evident, these two factors were given equal weighting.

In both sectors those who had experienced a deterioration in sales cited the old problem of deliveries from Britain as one of the main reasons. Particularly in the capital goods sector there was mention of "Britain's poor export image," set against the

feeling that West German manufacturers were being forced to try harder in the home market because the rising D-mark was hindering their efforts abroad. Nevertheless the survey gave the impression that Britain's delivery performance was better than it used to be.

The latest Anglo-German trade statistics show that British exports to West Germany (fob) were up by 34.4 per cent. to £680m. in the first five months of the year. British imports from West Germany over the same period were up by 25 per cent. to £1,042m. (c.i.f.).

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Notice of Redemption

Borg-Warner Overseas Capital Corporation

8% Guaranteed Debentures due 1979.

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of September 1, 1973, under which the above-described Debentures are issued, \$1,500,000 aggregate principal amount of such Debentures of the following distinctive numbers have been drawn by lot for redemption on September 1, 1976 (hereinafter referred to as the redemption date):

\$1,000,000 Coupon Debentures—Bearing the Prefix Letter M

21	10	1278	2009	3713	4878	5928	6822	7748	8584	9428	10280	11184	12048	12948	13848	14748	15648	16548	17448	18348	19248	20148	21048	21948	22848	23748	24648	25548	26448	27348	28248	29148	30048	30948	31848	32748	33648	34548	35448	36348	37248	38148	39048	39948	40848	41748	42648	43548	44448	45348	46248	47148	48048	48948	49848	50748	51648	52548	53448	54348	55248	56148	57048	57948	58848	59748	60648	61548	62448	63348	64248	65148	66048	66948	67848	68748	69648	70548	71448	72348	73248	74148	75048	75948	76848	77748	78648	79548	80448	81348	82248	83148	84048	84948	85848	86748	87648	88548	89448	90348	91248	92148	93048	93948	94848	95748	96648	97548	98448	99348	100248	101148	102048	102948	103848	104748	105648	106548	107448	108348	109248	110148	111048	111948	112848	113748	114648	115548	116448	117348	118248	119148	120048	120948	121848	122748	123648	124548	125448	126348	127248	128148	129048	130048	130948	131848	132748	133648	134548	135448	136348	137248	138148	139048	140048	140948	141848	142748	143648	144548	145448	146348	147248	148148	149048	150048	150948	151848	152748	153648	154548	155448	156348	157248	158148	159048	160048	160948	161848	162748	163648	164548	165448	166348	167248	168148	169048	170048	170948	171848	172748	173648	174548	175448	176348	177248	178148	179048	180048	180948	181848	182748	183648	184548	185448	186348	187248	188148	189048	190048	190948	191848	192748	193648	194548	195448	196348	197248	198148	199048	200048	200948	201848	202748	203648	204548	205448	206348	207248	208148	209048	210048	210948	211848	212748	213648	214548	215448	216348	217248	218148	219048	220048	220948	221848	222748	223648	224548	225448	226348	227248	228148	229048	230048	230948	231848	232748	233648	234548	235448	236348	237248	238148	239048	240048	240948	241848	242748	243648	244548	245448	246348	247248	248148	249048	250048	250948	251848	252748	253648	254548	255448	256348	257248	258148	259048	260048	260948	261848	262748	263648	264548	265448	266348	267248	268148	269048	270048	270948	271848	272748	273648	274548	275448	276348	277248	278148	279048	280048	280948	281848	282748	283648	284548	285448	286348	287248	288148	289048	290048	290948	291848	292748	293648	294548	295448	296348	297248	298148	299048	300048	300948	301848	302748	303648	304548	305448	306348	307248	308148	309048	310048	310948	311848	312748	313648	314548	315448	316348	317248	318148	319048	320048	320948	321848	322748	323648	324548	325448	326348	327248	328148	329048	330048	330948	331848	332748	333648	334548	335448	336348	337248	338148	339048	340048	340948	341848	342748	343648	344548	345448	346348	347248	348148	349048	350048	350948	351848	352748	353648	354548	355448	356348	357248	358148	359048	360048	360948	361848	362748	363648	364548	365448	366348	367248	368148	369048	370048	370948	371848	372748	373648	374548	375448	376348	377248	378148	379048	380048	380948	381848	382748	383648	384548	385448	386348	387248	388148	389048	390048	390948	391848	392748	393648	394548	395448	396348	397248	398148	399048	400048	400948	401848	402748	403648	404548	405448	406348	407248	408148	409048	410048	410948	411848	412748	413648	414548	415448	416348	417248	418148	419048	420048	420948	421848	422748	423648	424548	425448	426348	427248	428148	429048	430048	430948	431848	432748	433648	434548	435448	436348	437248	438148	439048	440048	440948	441848	442748	443648	444548	445448	446348	447248	448148	449048	450048	450948	451848	452748	453648	454548	455448	456348	457248	458148	459048	460048	460948	461848	462748	463648	464548	465448	466348	467248	468148	469048	470048	470948	471848	472748	473648	474548	475448	476348	477248	478148	479048	480048	480948	481848	482748	483648	484548	485448	486348	487248	488148	489048	490048	490948	491848	492748	493648	494548	495448	496348	497248	498148	499048	500048	500948	501848	502748	503648	504548	505448	506348	507248	508148	509048	510048	510948	511848	512748	513648	514548	515448	516348	517248	518148	519048	520048	520948	521848	522748	523648	524548	525448	526348	527248	528148	529048	530048	530948	531848	532748	533648	534548	535448	536348	537248	538148	539048	540048	540948	541848	542748	543648	544548	545448	546348	547248	548148	549048	550048	550948	551848	552748	553648	554548	555448	556348	557248	558148	559048	560048	560948	561848	562748	563648	564548	565448	566348	567248	568148	569048	570048	570948	571848	572748	573648	574548	575448	576348	577248	578148	579048	580048	580948	581848	582748	583648	584548	585448	586348	587248	588148	589048	590048	590948	591848	592748	593648	594548	595448	596348	597248	598148	599048	600048	600948	601848	602748	603648	604548	605448	606348	607248	608148	609048	610048	610948	611848	612748	613648	614548	615448	616348	617248	618148	619048	620048	620948	621848	622748	623648	624548	625448	626348	627248	628148	629048	630048	630948	631848	632748	633648	634548	635448	636348	637248	638148	639048	640048	640948	641848	642748	643648	644548	645448	646348	647248	648148	649048	650048	650948	651848	652748	653648	654548	655448	656348	657248	658148	659048	660048	660948	661848	662748	663648	66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The Debentures specified above are to be redeemed for the Sinking Fund (a) at the WGC Corporate Bond Services Department of Citibank, N.A. (formerly First National City Bank), Trustee under the 100 Year Senior Secured Debenture Indenture, dated 1997, between the WGC Corporation and Citibank, N.Y., or (b) subject to any laws or regulations applicable hereto, at the main office of Citibank, N.A. in Amsterdam, Frankfurt, Milan, London, City of New York, Paris, and Brussels (Belgium) S.A. or its branches, or (c) at the option of the WGC Corporation, by depositing with the Trustee (a) the sum of \$100,000,000 or (b) the sum of \$100,000,000 in United States dollars drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the WGC with a bank in New York City. The redemption shall be made on or after the date specified in the Sinking Fund Schedule, and the principal and interest on the said Debentures shall cease to accrue, and the WGC Corporation shall be discharged from its obligations under the said Debentures, on the date specified in the Sinking Fund Schedule. On and after the redemption date, interest on the said Debentures will cease to accrue, and the WGC Corporation shall be discharged from its obligations under the said Debentures. On the date specified in the Sinking Fund Schedule, payment will be made at the said redemption price of funds to the holders of the said Debentures.

WGC Corporation, September 2, 1997. Attached and presented for payment in the usual manner.

OVERSEAS NEWS

More tremors hit China's stricken earthquake area

PEKING, August 2. MORE TREMORS have hit the devastated region of Tangshan in China's East Hebei Province. The Chinese Foreign Ministry said today that 15 further earthquakes registering force five on the Richter Scale had struck the shattered Tangshan-Sengnan area yesterday. In addition 110 earthquakes or after shocks have been recorded registering force four on the scale in the province. The Ministry warned that more after shocks could be expected in the next days. However, it did not repeat the warning that the epicentre of the earthquake was believed to be moving towards Peking. Only slight tremors have been felt in the capital. The city is calm and outwardly normal except for the dust in shanty town on the roadside. The New China news agency, meanwhile, has reported today that the majority of miners at the Kaoliang mine in Tangshan, who were working on a night shift underground when the earthquake occurred early on Wednesday morning, returned safely to the surface. No casualty figures have been issued by the Chinese, but the agency said "many people in the city are now out of danger". The scale of the relief operation now being organised by China is apparent by the volume of medical aid which has been rushed into the Tangshan region - 56 medical teams made up of 800 medical workers have been flown into Tangshan from Shanghai. The agency reported that several thousand medical workers had been rushed to the worst hit areas. Many wounded were said to have been flown to Peking for treatment. Aid and relief supplies have come from all over China. The People's Liberation Army is reported to have worked to install telecommunications and repair railways, highways and bridges. Further evacuations of foreign residents were made today following mass air raids of several hundred people in three special planes yesterday evening. The evacuees are now in Hong Kong, (Sydney Morning Herald). Reiter adds: The evacuees included 52 Britons, who arrived safely in Hong Kong today after leaving Peking last night and flying to Canton.

Third oil find for India

NEW DELHI, August 2. A MAJOR new oilfield has been found in India's Western continental shelf off the coast of Maharashtra State, giving rise to hopes that the region is full of "pools of oil" under the sea. This is the third major oilfield discovered in the region by the Government-owned Oil and Natural Gas Commission. The two others are known as "Bombay High", where commercial production has begun, and the second is the "Rassein" oilfield, east of Bombay High. The third find, announced by the Petroleum Minister Mr. R. D. Mahajan, is a Parliamentary committee today, is sited in a "fault" between Bombay High and Rassein. Oil is gushing out from the first well drilled in the fault and oil experts are confident that the field is commercial. Taken with the "deeper continental shelf area", west of Bombay High, where there are believed to be bigger deposits than all the oilfields in the Western continental shelf found so far, the entire region could become India's "North Sea". The deeper continental shelf area is being explored by a special well of the Oil and Natural Gas Commission. Tests are being made, the results of which will be known after the monsoon some time in September or October.

Beirut Orthodox Christians in fear after murder

BEIRUT, August 2. THE bullet-riddled body of Dr. Khalil Salem, the director general of the Ministry of Finance, was discovered today in the boot of his car, which had been abandoned at the predominantly Moslem quarter of Al Musaitbeh in Western Beirut. The 47-year-old Dr. Salem, who was a Greek Orthodox Christian, was kidnapped by four gunmen last Friday while driving from his home to his office in the residential area of Ras Beirut. The gunmen who were in a taxi cab, blocked the road, forced Dr. Salem to stop, and one of them went with him in his car and forced him at gun point to follow the taxi. Whoever murdered Dr. Salem did not heed the repeated appeals issued by Moslem, Christian and leftist leaders for his safety and freedom. The news that Dr. Salem was found dead has had an electrifying effect here. The streets were soon empty of traffic and the public decided to stay at home. Officials of the Ministry of Finance announced a ten-day strike in protest and mourning. The left-controlled "Lebanese Arab Army" said in a statement that it was ready to take the initiative to form a special committee to deal with kidnapping cases and to strike with an iron fist at the kidnappers, who, it said, can be referred to military "field courts" for trial. Dr. Salem's murder was the highlight of a spate of kidnappings during the past week. Several of those kidnapped were later found dead. Most of them were from the Greek Orthodox community, prompting speculations that the aim was to frighten members of the community to leave the Moslem-dominated areas of western Beirut as part of what was described as a conspiracy for partitioning Lebanon.

Lebanon ponders Syrian Premier change

BEIRUT, August 2. LEBANESE and Palestinian leaders were today still assessing the implications for the situation in Lebanon and for inter-Arab relations in the cabinet change in Syria. Major General Abdel Rahman Khleifawi, the 49-year-old officer President Hafez Assad chose yesterday to replace outgoing Premier Mahmoud Ayyoubi, cuts a firm and honest image with no known enemies either in Palestinian, Lebanese or Arab ranks. Reports from Damascus which accompanied General Khleifawi's appointment as head of a new government said the main motivation was President Assad's concern about conditions within Syria's own government administration, which includes not only the civil service but the state-run economic public sector as well. General Khleifawi has headed the economic section within the ruling Baath party. He is a member in the Syrian as well as pan-Arab commands of the party. General Khleifawi was the man President Assad chose to head the first cabinet formed after the latter was elected President of Syria in the spring of 1971. He resigned 18 months later because of ill health. He was reportedly suffering a perforated ulcer. Although he does not hold a military function, the new Syrian Premier has retained his military title under Baathist tradition allowing officers on loan to the party to keep their military ranks. He is known to enjoy great respect within army ranks and his appointment, observers said, could be aimed at strengthening the army's confidence in the Damascus regime. Internal considerations aside, Syria is involved in some difficult Arab situations. Apart from the 15,000 soldiers in the Lebanese campaign, the psychological warfare between Damascus and Cairo during the past week has plunged the relations between the two Arab countries to rock bottom. Syria is simultaneously engaged in a confrontation with Iraq with troops in division strength facing each other across their common border. The cabinet change, furthermore, came only 72 hours after the Syrian Government had signed an agreement with the Palestine Liberation Organisation to set up an unauthorised settlement on the road to the West Bank town of Tayibe. Observers made the point at the same time that under the Baathist system in Damascus, a cabinet carries out policy but does not make it. Therefore, the new cabinet will have to fulfil the policy already laid down by the party. The way it will do the job may be different from that of the cabinet of outgoing Premier Ayyoubi.

Petromer confronts Jakarta

JAKARTA, August 2. THE INDONESIAN Government was today in confrontation with the country's seventh largest oil producer, Petromer Trend Corporation, after the company refused a demanded contract revision sharply increasing Government revenue take. The company told the Government shortly before a deadline for agreement expired on Saturday night that the new terms were unacceptable and that it intended working to its existing terms of contract while remaining ready to negotiate further. The Government warned today it would not accept this. It has said it will enforce the demand if necessary and to-day President Suharto warned the state oil company Pertamina to take over any fields abandoned by foreign companies. Oil industry sources believe the Government, by invoking the President's authority, may have put itself beyond any new compromise. Rumours of nationalisation circulated in Jakarta today, per cent of total production to be shared by the Government. This is seen by many authorities as being at the heart of the Indonesian oil boom of the late 1970s and early 1970s. Pertamina has refused the demands. Union Oil and Atlantic Richfield have agreed to accept, while the independent Indonesian American Petroleum Company, Japex, Japex and total are still consulting their principal, Pertamina's chief executive, Major-General Piet Haryono, said today the Government hoped to gain an extra US\$340m a year from these and seven smaller companies working under the cost recovery terms. Petromer Trend, Japex and Total get the worst of the new deal, being classed as having oil reserves of over seven years and hence gaining less concessive cost recovery terms. They will be required to write forward over 10 years while the other three will be allowed terms of seven and five years. Previously all contracts allowed companies to deduct 40 per cent of total production to cover costs. This is seen by many authorities as being at the heart of the Indonesian oil boom of the late 1970s and early 1970s.

Uganda-Kenya dispute

KHARTOUM, August 2. UGANDA HAS agreed to a Sudanese offer of help to settle its dispute with Kenya. The Sudanese Foreign Ministry yesterday received a reply from Uganda consenting to the Sudan's initiative. An informed source said Sudan has proposed that Kenya and Uganda should "sit down" and solve their dispute in a friendly atmosphere so as to maintain African unity, brotherhood and stability. Reuters UPI reports from Nairobi: Two Britons arrested in Uganda on spying charges will probably go before a military tribunal and may be sentenced to death by firing squad, diplomatic sources said on Monday.

Philippines trial

MANILA, August 2. PHILIPPINES Opposition leader Benigno Aquino will for a third time refuse to recognise a military court that will put him on trial to-morrow accused of murder, subversion and illegal possession of arms, legal sources said. Mr. Aquino, 44, was detained in September, 1972, when President Ferdinand Marcos put the country under martial law. He was then Secretary-General of the now defunct Liberal Party. Reuter

Moroccan Press

RABAT, August 2. THE Istiglal Opposition Party today called for the abolition of Press censorship in Morocco in a statement in the party's dailies, Al Alam and L'Opinion. The two papers have had about 30 issues seized by the authorities so far this year. At a meeting over the weekend the party's central committee demanded an end to censorship "to create a propitious climate for the organisation of elections," due next October. Reuter

Hiyama indicted

TOKYO, August 2. A FORMER chairman of a giant Japanese trading firm was indicted in connection with the \$12m Lockheed payoffs scandal on Monday. The Tokyo District Prosecutors Office announced that Hiro Hiyama, 66, former Chairman of Marubeni Corporation, former agent of Lockheed Aircraft Corporation, was indicted on charges of violating Japan's foreign exchange and foreign trade control law. Prosecutors accused Hiyama of passing \$500m (\$1bn.) of Lockheed funds to former Prime Minister Kakuei Tanaka on four occasions between August 10, 1973 and March 1, 1974. UPI

Rhodesian deaths

SALISBURY, August 2. TWENTY-EIGHT Africans have died in the Rhodesian guerrilla war in the past five days according to an official communiqué released to-night. This says that five guerrillas and 15 local Africans assisting them had been killed in engagements, some of which took place at night.

Libya peace moves with Jordan, Tunisia

BY MICHAEL TINGAY IN AMMAN AND GODFREY GRIMA IN MALTA, AUGUST 2. AS LIBYA and Tunisia moved towards restoring friendly diplomatic ties with the opening of peace negotiations in Tripoli over the week-end, full agreement has been reached in principle for resumption of diplomatic relations at ambassadorial level between Libya and Jordan. Authoritative Jordanian sources confirmed today. Direct diplomatic contacts have been made between Libya and Jordan during the past three months and ambassadors will be exchanged once Libya fulfils an agreement to pay six years' back payments from the Khartoum Agreement made after the 1967 war to compensate for economic losses after the Israeli occupation of Arab territory. This step, which involves a payment by Libya to Jordan of about \$70m. since annual compensation was suspended in 1970 at the time of the September 1970 civil war in Jordan, would have been taken earlier but was delayed because of Jordanian support for Syria's confrontation with the Palestinians in Lebanon made the political climate difficult for such a move. If last week's agreement between Syria and the PLO goes into effect and produces a summertime lull in the Lebanese civil war, the diplomatic Tunisia at the port of Gabs. Relations between both countries were first mended by the abortive federation talks which took place on the Tunisian island of Djerba two years ago. They dipped to a new low this year when Tunisian security forces claimed to have uncovered a Libyan plot to assassinate prominent political figures. Libya, which denied the charge, immediately ordered some 40,000 Tunisian workers to leave the country. Libya's peace initiative comes while relations with neighbouring Egypt and Sudan remain at their worst. Now that the Libyan Premier has returned to Tripoli, sources agreed that Libya would once again try to concentrate on Colonel Kheddafi's bete noir, the Sinai agreement. Talks between Libya and Tunisia, according to official Libyan sources, were held between Colonel Kheddafi and the Tunisian Interior Minister Mr. Balghouthi, who said before leaving Tripoli: "Much ground was covered in settling old disputes." The two countries are now expected to go back to the negotiations table to settle continental shelf problems linked to successful offshore drilling by Tunisia at the port of Gabs. Exchange could go ahead. Observers believe. Libya first approached Jordan in April this year suggesting a resumption of diplomatic relations. Colonel Muammar Kheddafi's propaganda war with Egypt has long been in full swing and a rapprochement with Amman fitted into Libyan plans to stimulate some sort of political co-ordination of states rejecting Egypt's September 1973 Sinai agreement with Israel. Jordan accepted the proposal on condition that Libya resume payments of the Khartoum Agreement. Now that the Libyan Premier has returned to Tripoli, sources agreed that Libya would once again try to concentrate on Colonel Kheddafi's bete noir, the Sinai agreement. Talks between Libya and Tunisia, according to official Libyan sources, were held between Colonel Kheddafi and the Tunisian Interior Minister Mr. Balghouthi, who said before leaving Tripoli: "Much ground was covered in settling old disputes." The two countries are now expected to go back to the negotiations table to settle continental shelf problems linked to successful offshore drilling by Tunisia at the port of Gabs.

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EUROPE NEWS

Promise from Soares of reconciliation, recovery in Portugal

LISBON, August 2. PRIME MINISTER Dr. Mario Soares presented the programme of Portugal's first constitutional Government in half a century on Monday with a promise of national reconciliation and economic recovery.

"The country is living in an atmosphere of crisis and its problems will have to be solved in this atmosphere," he said. "There is no time to lose."

The Socialist Prime Minister told the Legislative Assembly the land reform and workers control measures achieved in Portugal's two-year-old revolution were irreversible, but that the people would not be forced to accept the policies of his minority party.

"We will not impose socialism. That is something for the majority to decide," he said.

Dr. Soares appeared before the 232-member Assembly to outline his Party's programme and gain a favourable vote from the three main opposition parties. He said, if a majority rejected the programme after five days of debate, the Government would resign.

He said the main thrust of his Cabinet's foreign policy would be aimed towards closer ties with Western Europe and that he would ask for Portugal's integration into the Council of Europe and the European Common Market.

On the domestic side, Soares vowed to reduce Portugal's serious unemployment and inflation problems, but said this would require hard work by all Portuguese.

He stressed that workers in the industrial sector would need to show discipline and shun strikes as the last resort in labour relations.

"We are all tired of the divisions that have separated the people and we want the Portuguese to live in peace," Soares said. "This Government will try to end the psychosis of coups that has reduced productivity."

Only the Communists with 20 seats in the Assembly are thought likely to challenge the programme. The conservative Centre Democrat Party (42 seats) has promised not to vote against the Socialists against the Government to win any test.

The other two parties represented in the Assembly are the Centre Popular Democrats (PPD) holding 73 seats and the Radical Left Popular Democratic Union (UDP) with a single representative.

Agencies

Abortion 'to be legalised for toxic gas victims'

SEVESO, August 2. ITALY'S CHRISTIAN Democrat Government has agreed to change the law and allow abortions for women affected by poisonous vapour leaked from a chemical factory, a local Mayor reported today.

The Mayor, who asked not to be identified although he administers one of the town's worst affected by the deadly gas, met Health Minister Luciano Dal Falco in Milan and told him the situation.

The Government has agreed that pregnant women should be allowed to abort if they wish.

Abortions are illegal in Catholic Italy, for many reasons, but it was understood that the Government is considering an emergency decree which would allow women in the Seveso-Neda area north of Milan to have pregnancies terminated.

The decision was said to have been taken because the highly toxic TCDD chemical which was accidentally released from the Swiss-owned Icmesa factory here three weeks ago can have serious effects on unborn children.

More than 100 women from the affected area, covering 233 acres around the factory, have already been medically examined. Fifty more women, either pregnant or believed to be so, have sought advice at a special clinic in Milan.

Word of the Government move on abortions came after more than 300 people were evacuated from their homes in Seveso. Long lines of cars drove residents away and houses were left with their shutters rolled down and doors locked. Armed troops stood by to prevent looting.

A further 5,000-6,000 people may possibly have to leave their homes as a result of the chemical gas leak, which caused an explosion at the factory on July 10.

The Mayor of Cesano Maderno, Signor Nerino Jacometti, said he expected to hear to-morrow whether he will have to evacuate the northern part of his town of 35,000 people bordering the Seveso and Neda areas, already cleared of residents.

The disaster, which sent more than 30 people to hospital with burns and internal complaints, seemed to be rapidly assuming the proportions of an ecological catastrophe.

Reuter

Three young Czech rock musicians were jailed recently. Our East Europe staff report on the

STALIN would have sticked Lenin turned quite livid, but though it may surprise some in the West pop music and culture have infiltrated the People's Democracies of East Europe and even staid old Mother Russia herself occasionally twitches.

Not that the guardians of ideological rectitude like it much, witness the imprisonment recently of three young Czech rock musicians convicted of causing public disorder. It was a disappointment to those who believe that the acceptance of noisy youth in the Soviet bloc, however grudging, is a sign of an ideological easing up. But in fact, the proceedings were not entirely representative of what goes on in East Europe.

Rock music, and the "alternative society" values that go with it in the West, is on the increase to the dismay of Communist leaders who view it with deep suspicion. But as the picture shows, country by country, degrees of tolerance vary, and pop is evidently one field where Moscow does not set the pace.

In Czechoslovakia the arrest of members of the two leading groups, Plastic People of the Universe and D-307 (the code number in the Czechoslovak diagnostic list for abnormal reaction to stress) appears to be linked to the Prague Government's continuing touchiness about the any sign of non-conformism.

According to the Palach Press, which keeps in touch with events in Czechoslovakia the two groups' songs are not political or influenced by the West, to the extent that they were in the late 1960s. But the Prague Government clearly feels they are dangerous because rock musicians represent an alternative culture which is very influential among young people. There is some justification for this belief. Wide sections of Czechoslovak youth have been turned away from Communism because of its post-1968 record, but also, ironically, for reasons similar to those that have driven Western youth into alternative cultures: a revulsion from growing respectability and dedication to consumption.

The alienation of youth must be a source of deep frustration for Czechoslovak leaders who claim to be building socialism for future generations.

In the Soviet Union, rock music, long regarded as a symbol of Western degeneration, is sweeping through the provinces where rock records cannot be bought legally except in second hand shops, and no rock musician belongs to the official musicians union, which effectively bars them from appearing profes-

sionally. But the authorities have tolerated rock music as they no longer dismiss rock music as an affront to human dignity. They allow western tourists and Russians returning from abroad to bring records with them, and they have invited European rock groups to tour the country. They have also stopped jamming the BBC and Voice of America whose

rock music programmes are followed by a growing audience.

The result is a virtually nationwide proliferation of tapes and records which change hands for as much as 50 rubles (80p) each. Thousands of amateur rock groups have sprung up using improvised equipment, playing their own versions of western rock at parties or more or less regularly in cafes and dance halls.

Given the chance, rock music could influence Soviet youth as much as it does youth in the West. Western rock stars are well-known and frequently discussed by name in the Soviet media.

However, restrictions on the sale and performance of rock music are unlikely to be lifted in the foreseeable future, though not necessarily for immediately political reasons. Amateur rock musicians in the Soviet Union are almost all non-political

(some don't even understand the English words they sing). But rock music itself is seen by the authorities as a disruptive force, an uncontrollable form of entertainment with overtones of violence, and non-conformism, and with proven mass appeal. Police were very much on evidence at some recent provincial dances for young people witnessed by westerners,

But consistent though this is with the Warsaw Government's reputation for tolerance, it does try to keep rock in check. Attempts were recently made to limit the time devoted to Western pop broadcasts on the radio. The reasons were being almost entirely given over to the wares of the ideological opponent, partly cultural nationalism. But the move has so far had surprisingly little effect.

Censorship also leaves little room for protest music of the kind known in the West, though songs about pollution and racialism are allowed. Even so, little Polish pop is political, what outspoken songs there are usually to be heard in political cabarets, the smaller the audience, the more brazen the songs.

Rock music has become an established part of the scene in Hungary, where amateur groups have been going since 1960. But compared with the early days when merely to wear hair long was to attract police attention, pop music is no longer a hotly disputed topic. Debate of the subject has all but vanished from the Press.

Records by local groups like Lokomotiv GT (who wrote a smash-hit rock musical), Omega, Fonograf, and Bergendi are booming, and sell an average of 50,000 copies each. Successful pop stars earn large incomes but are heavily taxed and their equipment is not tax-deductible. The music played varies between the home-grown (which has a strong tradition of its own, based on some extent on Hungary's rich folk heritage) and the western. Since virtually no western records are on sale, songs have to be taped off the

radio, but this is no problem since the titles of all records published in advance. Moreover, there are programmes dealing with specific western rock acts. Their latest LP is played on a radio in Poland, Hungary and Czechoslovakia, where it is listened to by young people, who are fluent in English, who are listening to pop music, until quite recently, a trying experience. The fare consisted of marching rhythms and socialist garden.

In recent years, though, it has broken out of its confinement largely because the authorities could not reject western rock without rejecting the west, which was coming from socialist neighbours.

At first cautiously, but then with evident enthusiasm, the East Berlin radio programme 1 young people, DT 44, began playing East European pop, eventually moved on to English and American hits. It is supposed to devote 60 per cent of its broadcasts to socialist pop but it makes sure that western pop is going out at prime time.

More interesting has been the emergence of pop groups who have adopted an ambiguous style that comes closer to political protest than is seen elsewhere in East Europe. Some with titles like *Ketten umrumpfen* which can be translated either as "necklaces" or "chains" tend to van from the shelves as the authorities catch on to the real meaning.

The five-man Klaus Rennert Combo, which produced Kett had previously been on the party newspaper, *Neue Deutschland* for playing "music that is linked with our way of life." But another of their songs, "The Ballad of Little Otto" resulted in the revocation of their licence. Little Otto tries to escape Hamburg across the Elbe, a is caught. The last stanza free translated, ran:

"After Otto had seen those gunny bags in jail, did not feel like living in the West. He went up to Wittenberg and lay down in the River Elbe. Maybe one day he'll turn up in Hamburg after all."

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British star Cliff Richard: politically acceptable

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Bonn urges deadline on EEC direct elections

BY NICHOLAS COLCHESTER BONN, August 2.

THE WEST GERMAN Foreign Ministry today insisted that direct elections to the European Parliament should still go ahead in the summer of 1973, even if one or two member states feel that it has to nominate, rather than elect, its delegates on that date.

The spokesman indicated that Bonn could not agree with a statement made by Mr. Roy Hattersley, Minister of State at the Foreign Office in the Commons last Friday. Mr. Hattersley had claimed that, according to the latest draft of the legal instrument to be agreed by the Nine for the establishment of the new European voting system, direct elections could not take place in May/June 1973 unless every member state was ready to elect its delegates on the suggested date.

The key clause in Mr. Hattersley's answer to a Parliamentary question was: "We appreciate that, because of the form of the new instrument, if elections are not possible in Britain they will not be held anywhere in the Community, but if that is the form of the instrument which our colleagues prefer then we are prepared to endorse it."

Earlier Mr. Hattersley had suggested that Britain might not be able to hold European elections in 1973, although it would make every effort to do so.

Although still in the process of digesting Mr. Hattersley's interpretation, the Bonn Foreign Ministry made it clear that it could not accept an "all-or-nothing" formula. While it felt fairly confident that Britain would be able to meet the 1973 deadline, it expected that Denmark would not, and it was not ready to allow this possibility to interfere with direct elections in the other member states.

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USSR may settle over Moldavia

VIENNA, August 2. ROMANIAN President Nicolae Ceausescu crossed into Soviet Union as part of a "visit of friendship" to a Moldavia today for a visit apparently aimed at smoothing over months of historical argument over the long-disputed region once known as Bessarabia.

President Ceausescu drove with his wife and son and one of his sons to the border crossing where he was met by Mr. Ivan Botul, Communist Party Leader in the neighbouring Republic.

Observers here said the visit, believed to be the first high-level political contact between Bucharest and the Moldavian capital of Kishinev, could have major implications for relations between Romania and the Soviet Union.

It was not immediately clear whether Mr. Ceausescu would stay in Kishinev or travel to the Crimea for a meeting with Soviet Communist Party Leader Leonid Brezhnev.

Bucharest news agency Agencepres said the President and his family would be spending part of their holiday in the Soviet Union as part of a "visit of friendship".

In the past year, debate over the chequered history of the region has spilled over from Romanian and Soviet historical journals to the public arena.

To Romania, the people of Moldavia are Romanians. To the Soviet Union, Moldavia is a distinct nation of its own, though part of the USSR.

Diplomats in Bucharest believe the arguments about Bessarabia have been deliberately fostered by President Ceausescu, whose nationalism has brought him popularity at home but disapproval in the Kremlin.

There has been no suggestion that Romania is claiming the region back. President Ceausescu said in a major speech two months ago that his country had no territorial problems with the Soviet Union.

Agencies changed hands eight times in 130 years before finally being incorporated in the

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Agencies changed hands eight times in 130 years before finally being incorporated in the

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7. The following information is provided for the year ended 31 December 2014:

Abstract

11. *Chrysomelidae* (10 spp.)

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All the price changes and special offers in the world won't change an ordinary cigarette to gold. Recommended retail price 47p for 20.

MIDDLE TAR As defined by H.M. Government

EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

HOME NEWS

Upturn in tanker market may be short-lived

BY JOHN WYLES, SHIPPING CORRESPONDENT

A HIGHER than expected demand for oil in Europe and North America is believed to be contributing towards a surprise surge of activity in the oil tanker market which is being reflected in a substantially increased freight rates.

But the upturn over the past three weeks may prove short-lived since the improved rates are clearly attracting out of lay-up some of the Very Large Crude Carriers which have been mothballed because of the depressed tanker market.

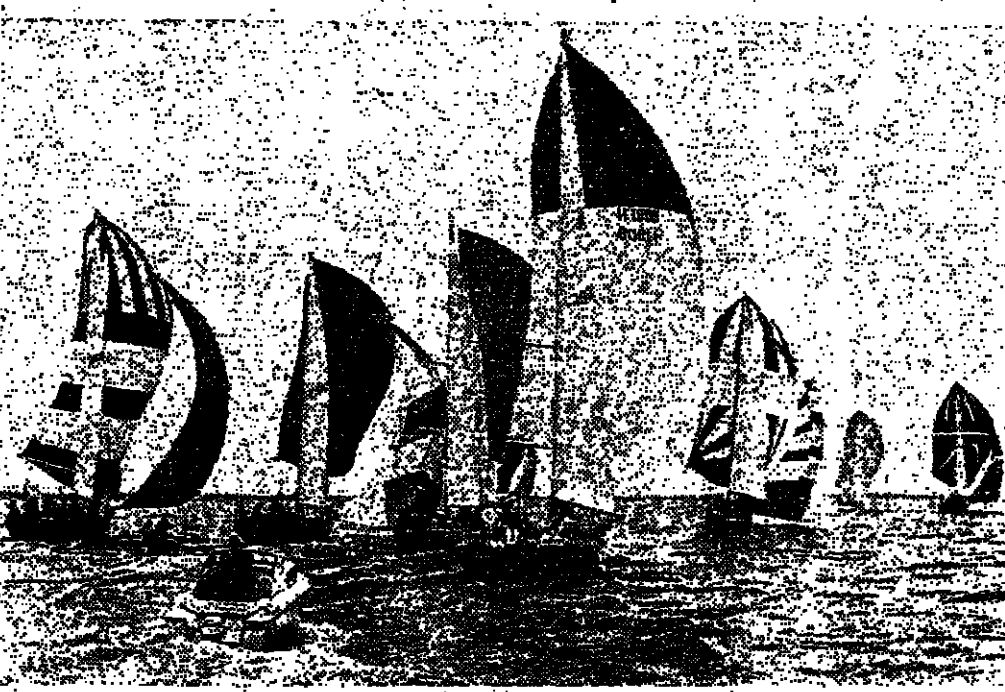
"The number of ships coming out of lay-up is a worrying factor and we could quite easily see a sudden collapse in the market," said Lambert Brothers Shipbroking in London yesterday.

The total tonnage of tankers lying idle has steadily fallen over the past three months. According to E. A. Gibson Shipbrokers, 1.6m. deadweight tons resumed trading in the spot market in July, leaving 42m. dwt still idle. At the end of April more than 50m. dwt were laid up.

The lure is freight rates for voyagers out of the Gulf which are anything up to 1 Worldscale points over June's average figure of WS24. Most of the major oil companies have been in the market with Exxon particularly prominent. Last week VLOC owners were able to secure single voyage charters at WS33-35 and WS30 for three voyages. Most VLOCs would cover their operating costs at about WS30.

One broker suggested yesterday that oil companies had been surprised by the level of demand. They were finding it more economic to charter from the spot market rather than bring some of their own tankers out of lay-up.

Apart from a general pick-up in economic activity in Europe and the U.S., other factors being cited to explain tanker demand are the drought in Europe and Scandinavia which is claimed to be producing a shortfall in hydro-electric power, and fear of a general oil price rise being decided at the next OPEC Ministers' meeting in the autumn.



THE COURSE for the Sir Walter Preston Challenge Cup took contestants in yesterday's race out through the east Solent and round Nab Tower. The picture shows a gaggle of Class I contenders under spinnaker and big boy. They are, from left to right, the Dutchman Spirit of Delft, France's Revolution, Owen Aisher's Yeoman XIX and Standfast II, again from Holland. Ahead is Germany's Vineta and leading this particular battle is Edward Heath's Morning Cloud with Germany's Saudade extreme right. Eventual class winner was Sir Maurice Laing's Loujaine with Saudade second and Irish Mist III third.

Private motorists take lead

By Our Industrial Staff

PRIVATE MOTORING has gained the major share of the 40 per cent growth in passenger traffic over the past 10 years, according to figures published by the Department of Environment today. Railways held their own but bus travel slumped.

The Department now plans to produce an annual volume of transport statistics. The first issue covers the period 1964-74 and is intended to supplement statistics and forecasts given in the recent Government transport policy consultation document.

The volume of passenger traffic, despite the fuel crisis, grew to 440bn. kilometres. While private motoring increased nearly 65 per cent to 350bn. km., and rail remained at around 36bn. km., bus travel declined by 17 per cent to 54bn. km.

The major growth in goods transport came from longer hauls. Thus, though there was a 20 per cent rise in terms of tonne kilometres to just under 140bn., total tonnage remained static at around 1.9bn. tonnes.

Road transport took the bulk of the goods traffic with 90bn. tonnes, while rail carried 24bn. and coastal shipping 20bn. Carriage by pipeline trebled to 8.5bn.

Transport Statistics: Great Britain, 1964-74; SO, £2.25.

BSC, power Board disagree over site

BY OUR GLASGOW CORRESPONDENT

THE BRITISH Steel Corporation and the South of Scotland Electricity Board have failed to agree on a site for a planned 2,640-MW nuclear power station at Hunterston, BSC, which is building an ore terminal and direct reduction plant, intends to establish a big steel-making complex at Hunterston in the late 1980s. It has acquired nearly 1,400 acres of the site, and says it needs "every inch" for such a plant.

This plan, already delayed through Government intervention in the Corporation's development strategy, would have been nullified if the Electricity Board had proceeded with its plans on the desired site. An 800-metre safety zone, in which little industrial development is permitted, is required round a nuclear power station, and would have sterilised much of BSC's holding.

The Board said that, while it recognised the importance of the steel development to the Scottish economy, it had not withdrawn its planning application. "Our plans require that there should be an additional nuclear station on the Hunterston peninsula."

There are two nuclear stations at Hunterston, a Magnox-type reactor and a newly commissioned advanced gas reactor. The Board has in the past identified up to six sites in the area suitable for power generation.

The Scottish TUC will seek assurances from the Prime Minister that money will be made available to BSC for the proposed Hunterston complex.

Click goes court rule

THE OPENING snapshots in a major legal battle between two photographic giants — Polaroid and Kodak — were fired in the High Court in London yesterday.

The strict rule that bans cameras from English law courts was waived as Polaroid's QC, Mr. Geoffrey Everington, snatched fellow lawyers and members of the public sitting in Mr. Justice Graham's court.

One snap was taken on a Polaroid SX camera — its latest in the instant picture market.

The other was shot on Kodak's equivalent — an EK camera — which, it is alleged, infringes Polaroid's patents in "one-step" instant photography.

The judge looked at the pictures, developed within minutes and remarked: "The Kodak one looks a bit under-exposed."

Mr. Everington replied: "Well, they are rather new to the market."

Polaroid Corporation of the U.S., Polaroid International Corporation and its subsidiary, Polaroid (U.K.), of St. Albans, Herts., are claiming injunctions banning the Kodak camera and its film from the British market pending a full hearing of the dispute.

Polaroid claims that 10 patents are being infringed. Kodak's American and British companies deny infringement and claim that some of Polaroid's patents are invalid. The hearing continues today.

Official probe on directors

Financial Times Reporter

AN INQUIRY commissioned by the Government into directors' conduct of interests in certain circumstances is being carried out by Mr. Martin Harris, director-general of the City Takeover Panel, and an accountant.

Mr. Harris' report, which has been called for in the context of consideration of the future of company law, is expected to be ready in the autumn. It will be published.

Last week in the debate in the Commons Standing Committee on the Companies (No. 2) Bill, Mr. Brian Sedgemore, Labour MP for Luton West, asked the Government to adopt an amendment obliging directors to disclose conflicts between their duties as directors and their private interests.

This was not accepted, but members were told an inquiry was being conducted on the subject for the Government.

SNP outlines European policies for an independent Scotland

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH National Party executive committee have also been working out the transition arrangements for ending the union.

"I believe we already have the hearts and minds of the people of Scotland," Mr. Wolfe said. "The issue is whether they have sufficient confidence to give us a mandate for independence."

"People will realise that devolution is not going to bring that any nearer. Independence is past being the idealistic dream it was in 1974." The options open to Scotland under SNP policy could be put to the people within five to 10 years, he added.

The European policy, like many of those already announced, is a mixture of firm resolutions and woolly suggestions. It says that Scotland will play a full part in the United Nations, subscribe to the European Convention on Human Rights, "accept its full share of responsibility for supporting a co-operative world trading system and a stable monetary system," contribute aid to developing countries and uphold the rights of self-determination and non-interference.

It recognises the special relationship flowing from culture, history and economic ties with England, North America and the EEC. Nevertheless, it advocates a new referendum on EEC membership after renegotiation of the terms, particularly in respect of fishing, oil policy, industrial development and representation.

The nationalists campaigned against U.K. membership on the grounds that an independent Scotland would have to make up its own mind, and the party is still divided. The policy states that the SNP is against the development of the Community into an economic or monetary union and/or a political or defence union, and is thus against extending the powers of the European Parliament.

Industry Act aid interest rates go up

THE MAXIMUM rate of interest relief grant and interest rates for loans under Section 7 of the Industry Act, 1972, were increased yesterday.

In cases where it would be appropriate to allow the equivalent of an interest free period on a Department of Industry loan—but where companies obtain their finance from other sources the rate has gone up from 12½ per cent to 13 per cent for each interest free year.

The "concessional" rate of interest on loans for job-creating projects (Category A) is up from 9½ per cent to 10 per cent and the "broadly commercial" rate on loans for modernisation projects not providing extra employment from 12½ per cent to 13 per cent.

Melchett will visit Meriden

LORD MELCHETT, Parliamentary Under-Secretary for Industry, will visit the Meriden motorcycle co-operative on Thursday, July 1974, the co-operative was given a Government grant of £750,000 and a £4.2m. loan.

Within the Department of Industry, Lord Melchett has responsibility for small companies as well as taking a particular interest in industrial co-operatives. On Thursday he will also visit NVT Motorcycles at Shenstone, where the only British mopeds are manufactured. NVT distributes Meriden-produced mopeds.

War pensions to be raised in November

THE WAR disablement and war widow's pensions payable to 410,000 war pensioners and war widows are being increased by almost 15 per cent from November 15, 1976.

Full details of the rises, announced in April and expected to cost £37m. in a full year, are set out in a Royal Warrant and other Orders published yesterday.

The basic rate of disablement pension for a private soldier whose war disablement is assessed at 100 per cent, and increased from £18.00 to £20.00 a week. Lower assessments will be increased proportionately. For example, 20 per cent assessments will be raised to £3 a week. Supplementary allowances payable with disablement pensions will also be increased.

A 100 per cent disabled unemployable pensioner from the 1939-45 war with a dependent wife will get an increase of more than £8.00 a week, from £46.25 to £54.15, free of income tax. Attendance allowance or constant attendance allowance which can also be paid will be increased as well.

The standard rate of war widow's pensions will go up from £17.20 to £18.50. There will also be increases in the children's allowances and the maximum rent allowance. A widow with two children who gets the maximum rent allowance will receive £43.10 a week (including family allowance for the second child) compared with £37.80 at present.

Food prices

AS THE result of a new agency error, a Retail Consortium forecast that food prices could rise by 8p to 10p in the pound by next summer was said in yesterday's paper to relate to this autumn.

Marsh to become NPA chairman on October 1

BY JAMES McDONALD

SIR RICHARD MARSH, who is retiring as chairman of British Rail on September 10, will become chairman of the Newspaper Publishers' Association on October 1.

Sir Richard, aged 48, and a former Minister of Transport, succeeds Lord Goodman, who is to become Master of University College, Oxford. Sir Richard is at present on holiday and British Rail would not comment on the news.

The appointment of Sir Richard, who was earning £24,000 a year as the BR chairman but whose salary at the NPA is not revealed, is a break with tradition since all the previous chairmen have been appointed from within the newspaper industry. Lord Goodman, for example, is chairman of the Observer Trust.

Lord Goodman said he had found the work at the NPA fascinating but seven years was

Car insurers' charges vary

BY ERIC SHORT

DIFFERENCES of over 100 per cent exist between the highest and lowest motor insurance premiums charged by insurance companies and Lloyd's syndicates according to the Monthly Motor Insurance Quotations Index for July published by Quotiel Insurance Services.

For example, a mature driver with a claims free record living in Central Manchester owning a Austin Mini could now get comprehensive motor insurance for £30.55 a year, though the most expensive company would charge him £81.20.

Quotiel operates a computer motor insurance rates service for insurance brokers in covering the premiums of companies and Lloyd's syndicates, accounting between them for over 90 per cent of U.K. motor business.

The monthly index, which started two months ago, aims to show the market movement in motor insurance not only to brokers but to the motoring public at large. The index covers five areas from the highest rated London to the lowest rated rural areas, and includes major provincial urban areas. Four major car ratings groups and one representative foreign car are included. Thus the index covers the majority of motorists.

The most significant movement of the July index is the lowering of the top rates for the Princess 2200 HL, particularly in London, reflecting more confidence by underwriters, while the lowest rates have become firmer all round. The lowest premium in London for this type of car has risen from £84.25 a year to £112.20, while the highest rates have dropped from £118 to £103.89.

PREMIUMS BY REGION

		Central London	Country District	Central Manchester	Central Glasgow	Cornwall
Austin Mini 1000	Highest	65.00	47.20	41.20	45.00	46.10
	Lowest	40.68	28.00	30.55	37.08	25.15
Vauxhall Viva 1256	Highest	48.80	49.32	45.50	45.88	46.10
	Lowest	46.30	32.00	36.20	43.56	47.00
Datsun 120Y saloon	Highest	103.89	74.52	103.00	103.00	71.60
	Lowest	62.00	44.00	52.00	62.00	39.68
Ford Cortina 1973	Highest	85.47	61.00	79.56	79.92	54.40
	Lowest	50.00	36.00	42.20	50.00	32.40
Princess 2200HL	Highest	103.89	73.00	103.00	103.00	71.64
	Lowest	71.20	47.20	53.50	65.52	42.20

The above premiums are for a person aged 35 with 5 years no claims bonus using the car for pleasure and personal business use. Cover is comprehensive with the driving restricted to insured and spouse.

A unique venture is making public transport popular in the Midlands, Peter Cartwright reports

The rail-bus road to success

AMID THE anger and anguish of increases in Tube, rail and bus fares in London and elsewhere, the West Midlands Passenger Transport Executive (MPTX) is tempting more people to use 11,000 people and of bus only suburban buses and trains—and is opening four new stations.

While others are locked in the self-defeating sequence of higher fares frightening passengers away and fares having to be raised again to maintain revenue in the Solihull area, where bus and rail travel is being tightly integrated, bus-rail journeys have shot up by 70 per cent since November 1973 and an estimated 3,300 more people are leaving their cars at home.

But for real cossetting, you have to live in Knowle, Dorridge. You can "dial a bus" and have it outside your door in 15 minutes. The fare is 5p, or carrying and our receipts, or 10p if you cross the parish boundary between the two.

The kernel of the public transport strategy has been to keep down fares, and an important element has been the introduction of subsidised bus travel cards (held now by Passenger Transport Executive) and of bus only suburban buses and trains—and is opening four new stations.

The bus-rail cards take you from one end to the other of the 400 square mile Wolverhampton and Coventry area, stretching between for 25 miles and back cost of a commuter journey is only about 22p.

This is nothing compared with what British Rail charges 70 per cent. Since November 1973, the MPTX has been carrying out a programme of 250 stations, people are leaving their cars at home.

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being seen in smoother city traffic flows.

Bus loading since 1973 shows a fairly steady increase, up by 15 per cent to 61 per cent, and this trend is expected to continue. While worthwhile gains are being made, even bigger ones are to be achieved by switching to rail travel.

It costs £24,000 annually to operate a bus all day. "If," says Mr. Lloyd, "you can take off buses during peak hours you can begin to hammer down your costs."

Bus-rail integration is central to achieving this and there is certainly plenty of scope for transferring the human load.

A recent review of how people came into work in Birmingham showed that 1,850 buses brought in 67,000, while 44,000 cars brought 57,000. 50 trains brought only 9,300 people. Thus 5 per cent of peak hour traffic is accounted for by buses carrying about half the people.

Integration has gone further

in the Solihull area, where four stations—Dorridge, Olton, Shirley and Solihull—are linked to bus services which during peak hours meet trains going into or out of Birmingham. The 70 per cent increase in bus-rail journeys is proof of its effectiveness.

It makes a sharp contrast to British Rail's experience on the Intercity services between Birmingham and London, where first class passengers are down by 15½ per cent, and second class by 19 per cent, despite some former first class passengers opting for second class.

The six-day a week 6 a.m. to 11.45 p.m. Dorridge dial-a-bus scheme which started last Christmas is a two-year experiment supported by the Road Research Laboratory. Three 23-seater buses are on call and the service is heavily subsidised.

The early days produced stories of people still putting in their trousers when the bus arrived outside, and at least one resident did indeed have a taxi for only 10p when the bus broke down.

More than 1,300 people a day are using the dial-a-bus service, well on the way to double the 800 of the first week (only 500 used the similar Hampstead buses in the first fortnight).

While the service is losing £2,500 a week, a pattern for future development is being established. Another half dozen or so buses will be added when the scheme is extended into Solihull, and it is expected that the present three controllers will be able to deal with the expanded service and so keep overheads down. And the "dial-a-bus" will be taking over from bus routes that are losing even more heavily.

The Tory opposition is prepared to allow a 1.5p rate as subsidy the present administration may have to hurry to prove it is worth banking to a greater

Building industry sees further fall in public sector work

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A FURTHER reduction in the already declining levels of public sector construction work was forecast yesterday by the Building and Civil Engineering Economic Development Committees (Little Neddies).

According to their joint forecasting panel, the recent Government cuts in public expenditure will accelerate the decline in public sector work which had already been foreshadowed.

The panel also says that while the cuts were intended to occur in 1977-78, it is unrealistic to expect that the required reductions will not impinge a little on output this year as well.

The Little Neddies believe that, because the largest cuts appear in programmes for public corporations, roads, water, sewerage and defence, the brunt of the reduction in work is likely to be borne by the civil engineering sector.

The forecasting panel says that, while it fully appreciates the acute problems faced by the Government, it regrets the nature of the measures taken and "views with dismay" the cuts in public expenditure projects which would adversely affect the construction industries' employment and investment levels and lead to wasted resources.

In addition, it fears that the rise in the national insurance levy from the private sector may delay investment programmes which might have partially compensated for the decline in new public sector work.

At the same time, they do not see the construction industries benefiting from the expansion in the period under review and expect total construction work next year to fall by 4 per cent—1 per cent more than originally expected—with a further 2 per cent drop in 1978. This year, total building output is forecast to fall by 2 per cent.

Ulster dismayed by jail holiday

By Our Belfast Correspondent

MOST POLITICAL parties in Ulster have reacted with dismay to the Northern Ireland Office's announcement that 230 long-term prisoners are being offered a week's summer leave.

The Northern Ireland Office was at pains to explain that the holiday scheme—for selected long-term prisoners nearing the end of their sentences—was first introduced in 1955.

But the fact that the majority of those entitled to benefit claim the controversial "special category" or political status which is now being phased out by the Government has angered hard-line Loyalists.

'Madness'

The Rev. Ian Paisley's Democratic Unionist Party described the decision as "sheer madness, and said the Government had 'abdicated all responsibility'."

Almost 100 of the prisoners who have been offered release claim allegiance to the Provisional IRA but according to Republican sources they will maintain the usual "Provo" attitude to such schemes and refuse to apply for leave.

Mr. William Craig MP, leader of the Vanguard Unionists and the man who, when he was Ulster Minister of Home Affairs, first introduced the summer release system, said he still supported the idea but he now felt that the police should be asked to say whether they agreed in each case.

Countryside study sets precedent

BY KEVIN DONE

A FAR-REACHING study of the countryside and of the piecemeal conflicts of Whitehall Ministries involved in its administration was launched yesterday by the Countryside Review Committee.

The committee is an unusual departure from the normal structure of Government machinery. Despite doubts raised by some Ministers, the committee members—largely Departmental officials and members of public agencies acting on a personal basis—are being allowed to issue a discussion paper, long before it carries any direct commitment from Ministers.

The committee was set up two years ago after demands for a Royal Commission to examine the mounting and conflicting pressures being exerted on the rural areas of England and Wales. It is led by officials from the Department of the Environment.

In its introductory paper the committee says that a sectional approach to the countryside is becoming less and less appropriate. Policies designed to promote a few particular objectives spill over on to other areas.

"Crucial changes in the countryside can occur as a by-product of a national policy not even primarily directed towards it. In some cases initiatives may even prove contradictory and mutually frustrating."

This first paper precedes more detailed studies of food production, rural communities and countryside recreation to be published in the next 18 months.

Decisions affecting a whole range of key activities in the countryside are the responsibility of a number of different Government Departments, it says.

Some form of co-ordinating machinery is needed in Whitehall and the problems merit early attention.

Modern farming can often cause considerable bitterness and the paper cites as an example the criticism directed at grants made by the Ministry of Agriculture, Fisheries and Food towards the reclamation of hill land.

Where there are any risks to natural beauty, wildlife or amenity Ministry officials have powers under the Countryside Act, 1968 to advise farmers against a reclamation scheme. But the grants legislation is essentially aimed at increased production and the paper questions the fairness of depressing the potential income of the farmers concerned.

Throughout, it concerns itself with such conflicts of interest, and the paradoxes of rural life, and suggests that a consensus approach must be found.

It questions what happens when policies conflict, when employment is at odds with amenity, access with farming and farming with conservation.

War pensions to be raised in November

THE WAR disablement and war widow's pensions payable to 410,000 war pensioners and war widows are being increased by almost 15 per cent from November 15, 1976.

Full details of the rises, announced in April and expected to cost £37m. in a full year, are set out in a Royal Warrant and other Orders published yesterday.

The basic rate of disablement pension for a private soldier whose war disablement is assessed at 100 per cent, and increased from £18.00 to £20.00 a week. Lower assessments will be increased proportionately. For example, 20 per cent assessments will be raised to £3 a week. Supplementary allowances payable with disablement pensions will also be increased.

A 100 per cent disabled unemployable pensioner from the 1939-45 war with a dependent wife will get an increase of more than £8.00 a week, from £46.25 to £54.15, free of income tax. Attendance allowance or constant attendance allowance which can also be paid will be increased as well.

The standard rate of war widow's pensions will go up from £17.20 to £18.50. There will also be increases in the children's allowances and the maximum rent allowance. A widow with two children who gets the maximum rent allowance will receive £43.10 a week (including family allowance for the second child) compared with £37.80 at present.

LABOUR NEWS

Jaguar strikers decide to stay out indefinitely

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

STRIKERS at Jaguar Cars in Coventry decided yesterday to stay out indefinitely, despite an attempt by Mr. Len Murray, TUC general secretary, to solve a long and increasingly bitter union-recruitment row.

Their decision came on the eve of today's debate in the Commons on financial aid for British Leyland.

On the surface, the dispute, which has cost more than £5m in lost production and made 5,000 jobs at risk, is between the press shop, located in the Transport and General Workers' Union for the Amalgamated Union of Engineering Workers.

In an effort to get it sorted out, Mr. Murray wrote to Mr. Jack Jones and Mr. John Boyd, the respective union executives, urging that the matter should be dealt with under the terms of the Briddington procedure, which is most often quoted in union poaching allegations.

Mr. Murray alternatively offered the help of the TUC disputes committee. Mr. Bob Wright, national officer for the Midlands, replied for the AUEW, and in a letter to Coventry officials, said that subject to a

Response

But when the 80 other press shop workers, all but four or five of whom are TGWU members, met yesterday they knew nothing of the engineering union's far different response, and they voted to remain out indefinitely.

Nevertheless, Mr. Bill Lapworth, TGWU divisional organiser in Coventry, met management representatives and suggested a number of alternatives—that the fine should either be found after work or be suspended on full pay while the Advisory, Conciliation and Arbitration Service held an independent inquiry, or they should be allowed to work and the 80 be laid off while an ACAS inquiry was held.

The management refuse to accept any of these suggestions. Mr. Lapworth said afterwards.

New trouble for Leyland Hared when some 350 stores workers at Rover-Triumph threatened to strike on Thursday in support of their claim for staff status.

At Triumph, Coventry, 400 engine builders are on strike over the dismissal of two colleagues involved in time-keeping incidents. This has not as yet halted finished car production or forced any lay-offs.

Meanwhile the dispute at one of Leyland's other trouble spots, which threatened to halt production of the new Rover 3500 prestige saloon, has been resolved.

Agency staff

About 50 industrial engineers agreed to call off their strike, due to start yesterday, over the use of agency staff pending further talks with management.

A go-slow by 125 toolsetters at the electrical starter motor components factory at Leyland Electrical, Birmingham, has led to 1,500 workers being laid off, but has not disrupted supplies to Leyland cars.

threshold payment was worth more than the initial increase and the TUC ruled that this must count as the last main payment for purposes of the "12-months rule."

On similar grounds, the Department of Employment has told Michelin that increases to 15,000 of its manual workers at six depots cannot be paid until October at the earliest.

Representatives of the workers affected will meet in Manchester next week to decide whether to accept this.

Another lingering threat to the early calm of the new holiday season is the dispute between the British Oxygen workers and their employers over the implementation of their next wage award.

A walk-out had been threatened by 3,300 workers in the company's gases division unless their pay was increased to the maximum under the £2,500 policy from this week.

British Oxygen, acting on Department of Employment advice, told them the increase was not payable until the end of September—the anniversary of a jump-sum threshold payment under their last wage award.

The TUC economic committee last week confirmed this view and on the strength of this, shop stewards yesterday decided against recommending further action.

The British Oxygen workers had claimed they were entitled to immediate payment because their last award dated from May, 1975.

However, the September

Walk-out at British Oxygen called off

BY OUR LABOUR STAFF

ONE OF the earliest threats to the second phase of pay policy which came yesterday when British Oxygen workers drew back from threatened strike action over the implementation of their next wage award.

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ASLEF attacks plans for transport industry

BY DAVID CHURCHILL, LABOUR STAFF

A STRONG attack on the Government's proposals for the future of the transport industry came yesterday from the Associated Society of Locomotive Engineers and Firemen, which described the recent Green Paper on transport as "a recipe for disaster."

Launching his union's reply to the document, Mr. Ray Buckton, ASLEF general secretary, claimed that it disclosed "an unwarrantable underlying bias against rail."

In particular, he criticised the document as showing an unrealistic treatment of investment policy; adopting a misguided approach on the question of subsidies; and mishandling the issue of freight transportation.

"We reject the consultative document and the non-policy which it embodies,"

Instead, ASLEF wants to see an "integrated and efficient" national transport policy which also safeguards the environment.

To achieve this, it wants the Government to restore rail in-

vestment to the level agreed by the Conservatives in 1973, retain subsidies until they are no longer needed, nationalise the road haulage industry, and set up a National Transport Board to have overall control of inland transport, and with the power to transfer suitable traffic from road to rail.

ASLEF's opposition to the Green Paper is in line with the stand taken by the National Union of Railwaymen at its annual conference last month.

British Rail itself has warned of higher fares and a worsening service if the policy is implemented and no substantial investment boost for the railways is forthcoming.

Mr. Buckton emphasised yesterday that there was no question as yet of industrial action by his members, but he felt it better to persuade people of the decline in transport facilities if the right action was not taken.

Bid to end 'blacking' of ship

A NATIONAL UNION of Seamen officials was yesterday meeting the captain of another ship "blackened" by British dockers. The union official was seeking agreement over the dockers' claim that the ship's crew was not being paid enough.

The ship, the 3,500-ton Norwegian-owned Hans Nord, flying a Singapore flag, was anchored off the Cornish town of Fowey. Dockers there refused to handle her on Saturday on grounds that the 21 crew was paid rates well below those which

the International Transport Workers' Federation was demanding for seamen throughout the world.

The union official said the ship's owners were being asked to pay the men back pay of about £24,000.

In February, an allegation against the Federation that trade union action on behalf of the crew of a tanker stranded at Liverpool amounted to "demanding money with menaces" was abandoned by the tanker's owners in the Appeal Court.

TGWU council workers' plan

part in the formulation of policy and in its execution," says the paper.

The TGWU supports the official TUC view that there should be at least two worker representatives on council committees and sub-committees and argues that these should provide the two speaking members on the full council.

"In the last analysis the full council would need to preserve the right to overrule the decisions of council sub-committees. But it would be hoped that such occasions would be rare," says the document. Councils should note that there is already no legal obstacle to inviting worker representatives to speak at meetings and the TGWU urges them to take action on this now.

It believes there is a place

Protest at Savings job cuts

By Our Labour Staff

CIVIL SERVANTS whose jobs are threatened by the Government's plans to cut National Savings Bank staff as part of its overall manpower savings in the Civil Service decided yesterday to take immediate industrial action against the cuts.

About 11,000 members of the Civil and Public Services Association, the largest Civil Service union, decided to have overtime and not co-operate with extra work imposed by management, including introduction of new electronic equipment.

The 1,200 reduction in staff posts over the next three years in the Savings Bank includes total axing of 580 support staff doing promotional work.

The CPSA said yesterday it was "absolutely nonsense" that the Savings Bank should have to compete with other banks if it had no promotional staff.

Meanwhile union members in both the CPSA and the Society of Civil and Public Servants in the Department of Trade and Industry begin an overtime ban from today.

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On similar grounds, the Department of Employment has told Michelin that increases to 15,000 of its manual workers at six depots cannot be paid until October at the earliest.

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PARLIAMENT



Foot will explain devolution proposals

By Peter Hennessy, Lobby Correspondent

THE GOVERNMENT will publish a White Paper today tying up most of the remaining loose ends of its devolution policy prior to presentation of the Bill to Parliament in November.

Mr. Michael Foot, Lord President of the Council and the senior Minister responsible for devolution, will make a statement in the Commons today.

Particular attention will be paid to what he says about revenue-raising powers to be granted to the proposed Scottish Assembly over and above the annual block grant.

Powerful voices within the Government have argued that unless the Edinburgh Assembly is granted revenue-raising powers it will not be financially responsible.

A number of alternatives have been canvassed from a local income tax to a rates surcharge or even a system of indirect taxation such as a tourist tax.

The Government may well resolve its dilemma by postponing a final decision and leaving the revenue clauses in the Devolution Bill provisional, or "green" in Whitehall jargon. Ministers have argued that it would be unwise to reach a firm conclusion until the Government has made up its mind about the Layfield proposals on local government finance.

Another reason for delay advanced by some Ministers is that devolution for Scotland will have a better chance of success if an independent body is set up to negotiate between Westminster and Edinburgh after the first Assembly has been elected in spring 1978 and before the start of its first financial year in 1979-80.

Some matters to be resolved in today's statement include the future of the Scottish universities, Scottish courts and private law, the determination of rivers and regulation of the Scottish professions.

Calling for a Government commitment to help private industry, he said companies chose to invest overseas because there was where they could get a fair return on capital. The reason they did not invest more at home was that the philosophy and actions of the Labour Party combined to create an investment lockout.

Mr. Geoffrey said the £50m. package of public expenditure cuts and additional taxation announced by the Government would be a "good, hard kick in the teeth."

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Taunts anger Sir Keith

BY JOHN HUNT

THE CHANCELLOR of the Exchequer was awarded a mere two out of 10 for his latest expenditure cuts by Sir Geoffrey Howe, shadow Chancellor, when the Conservatives last night mounted their attack on the Government package.

Making great play with the divisions between the CBI and the Government, Sir Geoffrey denounced the increase in the employers' National Insurance contribution as a thinly-disguised payroll tax. He declared that Mr. Healey had once more turned round and given business "a good, hard kick in the teeth."

The Chancellor, he said, had lost his nerve and his sense of direction. The cuts were "an optical illusion." Only £550m. represented an actual reduction in resources of manpower, goods and services absorbed by the Government. But when the insurance contributions were taken into account, £1.3bn. fell on profits, income and jobs in the private sector.

"What we want is a plain recognition that public spending as a whole is massive, too large and must be reduced courageously and tenaciously."

But as soon as Sir Geoffrey sat down, he was suddenly upstaged by one of his colleagues, Sir Keith Joseph, overall head of Conservative policy, who made a swift, angry intervention.

Stung by continual taunts from Mr. Healey, he leapt to the Dispatch Box with a heartfelt denunciation of excessive public expenditure. This clearly reflected the feelings of the average Tory MP more than the earnest, thirty minutes speech of Sir Geoffrey.

Sir Keith claimed that the Chancellor was merely confirming the argument which the Conservatives had been pressing for the past two years—namely, that rising public expenditure was strangling the private sector and was increasing unemployment.

"Public spending under this Chancellor has doubled and so has unemployment," he cried. "It is the private sector that alone provides hope for this country."

Mr. Healey—never one to use the rapier when a bludgeon is at hand—opened his speech by attacking Sir Geoffrey for giving a performance of "stupefying triviality."

Throughout his long address, the Chancellor had to perform the delicate task of appeasing his own Left wing while attempting to soothe the feelings of the CBI, furious at the increased employers' contributions.

The Left wingers were frustrated by the fact that the debate was on a Conservative motion to cut the Chancellor's

salary because of his handling of the economy. This meant that the Labour dissidents could not express their anger by bringing forward an amendment of their own.

Mr. Healey took the traditional way out of this difficulty by laying into the Opposition and demanding that their "trivial and irresponsible" motion be defeated. He jeered at Sir Geoffrey over a television interview in which the shadow Chancellor had repeatedly failed to name the areas in which the Opposition would cut public expenditure if they were returned to power.

"He is a political voyeur," jibed Mr. Healey. "He never does anything. He just looks at it. He has elevated impotence into something more than a political expedient. It's a way of life."

In between this bluster, the Chancellor inserted a long passage of explanation on why the 2 per cent increase in employers' National Insurance contributions had been necessary. He claimed it would be more than offset by the reduction in the Price Code and the fact that the higher contributions would be allowable for tax purposes.

Of the options open to him—an increase in VAT or income tax or even larger cuts in public expenditure—this, he thought, was the least damaging one.

"No one on this side of the House can feel happy about the need to make these reductions. We don't regard public expenditure as a crime."

But he added: "I don't believe there is any alternative which would have made them unnecessary, given the rate of growth of manufacturing output we must achieve to cut unemployment down to 3 per cent, in 1979."

"I believe that the particular mix of reductions in public expenditure and increases in taxation was the least damaging we could devise if we were to preserve our social and economic priorities."

The next public expenditure White Paper would show an increased provision to be made for a programme of selective aid to industry, both through the Department of Trade and the National Enterprise Board.

On the increase in employers' National Insurance contributions Mr. Healey said: "I do not believe it would have been possible to bridge the remaining gap of about £700m. by further reductions in public expenditure without putting at risk some of the Government's most important objectives."

The extra burden would be wanted to butcher public expenditure.

But he added: "I want to make it clear that in supporting the 'No' lobby to-night, against the Tory motion, those of us who do so will not be voting for the cuts announced by the Chancellor."

"There is a real debate being conducted, and to be conducted on this side of the House." It was deplorable that an amendment could not be made to the motion, expressing a different point of view.

Mr. Richard Wainwright (L. Colne Valley) said it was "a great disgrace to Parliamentary democracy" that the debate should be so structured that none of the various parties or groups within the Commons could express their own points of view in the voting process.

Mr. Wainwright said every branch of government should be submitted to the discipline of outside efficiency audits, even though, from time to time, such independent investigations produced criticisms which were wide of the mark.

"It seems clear that this Government is more and more relying on the cruel weapon of unemployment insofar as its policies on pay are concerned."

The Government was voting would be like turning a bad meal aside and taking a dose of arsenic instead. It was clear that the Opposition front bench

So why was the overall effect of the Chancellor's package "another massive attack on the profitability of the private sector—the very area for which the Chancellor is begging greater and greater investment?"

Mr. Arthur Latham (Lab., Paddington), chairman of the Tribune Group, said he would have no hesitation in voting against the Tory motion.

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Spending cuts fall too heavily on private sector—Howe

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Nicholas Leslie sees how employees have learned to live with an unwelcome takeover

Croda aims at a rational merger

SIXTEEN MONTHS ago Croda International launched an £8m bid for Midland-Yorkshire Holdings, the tar distilling and chemicals group, which proved successful only after a bitter battle which saw directors and employees alike at Midland-Yorkshire attempting to fend off the bid. The reasoning behind Croda's move was that it felt Midland-Yorkshire's chemical activities were complementary to its own and that Midland-Yorkshire would do better within the Croda fold.

Since then, Croda has maintained a low profile and has deliberately left Midland-Yorkshire to its own devices. This has allowed feelings to cool and prompted a union shop steward at Midland-Yorkshire to say that "so far as the people I represent are concerned, the most frequent comment is that there have been no changes."

But, while that is a reaction shared by many employees, some changes have quietly and subtly taken place and it would be wrong to imply that Midland-Yorkshire employees have totally accepted Croda as new masters, have let bygones be bygones and rejected all the fears which first led them to react with such hostility to Croda's bid.

And because Croda launched its bid by first buying a 32.6 per cent. holding in Midland-Yorkshire from the British Gas Corporation rumours started to circulate about collusion between nationalised industry chairman—Mr. Freddie Wood, who heads Croda, is also chairman of the National Bus Company.

This suspicion was in no way allayed when it emerged that Croda's success in the takeover over... Croda to leave Midland-Yorkshire almost totally alone. This was decided upon because, in rejecting Croda's bid, the tar and chemicals group forecast profits for the year to March, 1976, of £3.2m, pre-tax, and Croda's directors—who saw this as an unlikely target—wanted to see if this could be realised. In the event, Midland-Yorkshire was caught by the recession and for

Wood and his co-directors at Croda, it was necessary to inject several millions of pounds into Midland-Yorkshire late last year because of a deteriorating cash flow situation.

A view expressed by one person in synthetic chemicals, and apparently fairly widely held, is that "we have not had long enough to tell whether or not the things said about Croda will turn out to be true." And another, perhaps isolated, comment was that "things have been all right as it happened, but they could have been disastrous."

From the technical and synthetic chemicals research point of view, opinion is largely that it is too early to say whether fears have been dispelled. The major worries last year were whether research expenditure would be maintained; whether Midland-Yorkshire's assertion that it is more technologically advanced than Croda would be recognised and if this would be reflected in the higher wage earning potential of staff. Concern still exists regarding integration of this side of the business with Croda, but at the same time there is appreciation of the fact that capital expenditure on new plant was maintained despite adverse conditions.

Another area of uncertainty is tar distilling. Supplies of raw coal tar material from the National Coal Board are diminishing and will cease by 1981. This affects particularly the Kilnharst and Killamash plants in Yorkshire rather than the Knottingly plant which gets its alternative raw material of crude fuel from Venezuela. At Kilnharst and Killamash the view originally was that its activities in no way related to Croda and that Croda was likely to arrange a sale of this side of the business—now called Croda Hydrocarbons—to the NCB or the British Steel Corporation.

While that view still persists, there is now the question of why Croda should have spent so much money on a part of the business which is in decline. The workers there are looking to Croda to find a means of diversification, but the management takes the view that it is their responsibility to find a new area of activity which Croda will back.

Last year employees had hoped for benefits such as improved wages and a move towards single status. These have been affected by the national pay policy and by legislation and this is fully accepted as being outside Croda's influence. None the less, many of the union officials in particular are still wary about Croda's attitude to wage bargaining. As one put it: "We have not yet had the opportunity to see how they react across the negotiating table."

According to some employees internal communications are ripe for improvement although others feel they are adequate. But it is clear that the very close relationships built up between management and workforce prior to the takeover are missed and many employees remark about how approachable the managing director, Dr. Dick Walls, who was chairman before the takeover, used to be. Strangely enough, the most bitter feelings which still persist among employees are directed outside both Midland-Yorkshire and Croda at MPs and Government Ministers. The employees still resent the fact that the British Gas Corporation was allowed by a Labour Government to sell its Midland-Yorkshire holding to Croda and that MPs failed last year to rally to their defence.



A deliberate policy of leaving well alone has been adopted by Freddie Wood (left), chairman of Croda International since he took over Midland-Yorkshire Holdings in a bitter bid battle

Initiative for dissension

The opposition to Croda's bid launched by the Midland-Yorkshire employees last year broke new ground in company takeovers. The dissenting voice of workers was not a completely fresh phenomenon, but up to that time the initiative had always stemmed from the Board of a company which was on the receiving end of an unwelcome bid. At Midland-Yorkshire, the initiative lay with the employees and they formed a committee representing all parts of the group and all the unions involved. While backing their directors' attempts to fight off Croda, they sought support from MPs, Government Ministers and the Press rather than relying on Midland-Yorkshire shareholders.

Their opinion of Croda was that its chemical activities were not complementary to Midland-Yorkshire's and they found they could not assess from Croda's report and accounts what had happened to companies it had previously taken over.

And because Croda launched its bid by first buying a 32.6 per cent. holding in Midland-Yorkshire from the British Gas Corporation rumours started to circulate about collusion between nationalised industry chairman—Mr. Freddie Wood, who heads Croda, is also chairman of the National Bus Company.

This suspicion was in no way allayed when it emerged that Croda's success in the takeover over... Croda to leave Midland-Yorkshire almost totally alone. This was decided upon because, in rejecting Croda's bid, the tar and chemicals group forecast profits for the year to March, 1976, of £3.2m, pre-tax, and Croda's directors—who saw this as an unlikely target—wanted to see if this could be realised. In the event, Midland-Yorkshire was caught by the recession and for

Wood and his co-directors at Croda, it was necessary to inject several millions of pounds into Midland-Yorkshire late last year because of a deteriorating cash flow situation.

A view expressed by one person in synthetic chemicals, and apparently fairly widely held, is that "we have not had long enough to tell whether or not the things said about Croda will turn out to be true." And another, perhaps isolated, comment was that "things have been all right as it happened, but they could have been disastrous."

From the technical and synthetic chemicals research point of view, opinion is largely that it is too early to say whether fears have been dispelled. The major worries last year were whether research expenditure would be maintained; whether Midland-Yorkshire's assertion that it is more technologically advanced than Croda would be recognised and if this would be reflected in the higher wage earning potential of staff. Concern still exists regarding integration of this side of the business with Croda, but at the same time there is appreciation of the fact that capital expenditure on new plant was maintained despite adverse conditions.

Another area of uncertainty is tar distilling. Supplies of raw coal tar material from the National Coal Board are diminishing and will cease by 1981. This affects particularly the Kilnharst and Killamash plants in Yorkshire rather than the Knottingly plant which gets its alternative raw material of crude fuel from Venezuela. At Kilnharst and Killamash the view originally was that its activities in no way related to Croda and that Croda was likely to arrange a sale of this side of the business—now called Croda Hydrocarbons—to the NCB or the British Steel Corporation.

While that view still persists, there is now the question of why Croda should have spent so much money on a part of the business which is in decline. The workers there are looking to Croda to find a means of diversification, but the management takes the view that it is their responsibility to find a new area of activity which Croda will back.

Last year employees had hoped for benefits such as improved wages and a move towards single status. These have been affected by the national pay policy and by legislation and this is fully accepted as being outside Croda's influence. None the less, many of the union officials in particular are still wary about Croda's attitude to wage bargaining. As one put it: "We have not yet had the opportunity to see how they react across the negotiating table."

According to some employees internal communications are ripe for improvement although others feel they are adequate. But it is clear that the very close relationships built up between management and workforce prior to the takeover are missed and many employees remark about how approachable the managing director, Dr. Dick Walls, who was chairman before the takeover, used to be. Strangely enough, the most bitter feelings which still persist among employees are directed outside both Midland-Yorkshire and Croda at MPs and Government Ministers. The employees still resent the fact that the British Gas Corporation was allowed by a Labour Government to sell its Midland-Yorkshire holding to Croda and that MPs failed last year to rally to their defence.

POSTGRADUATES IN INDUSTRY

Need for a wider horizon among science PhDs

BY DAVID DAVIES

UNLIKE MOST academic traditions, the Ph.D. degree as a reward for three years of postgraduate research is a relative newcomer on the scene. Yet this degree, practically unknown in British universities as recently as 1920 but the *modus vivendi* of the academic scientist these days, could undergo an extensive facelift in the next few years as a result of an operation now being conducted by the Science Research Council.

Industry has never been too sure about Ph.D.s. Some companies, pharmaceutical concerns in particular, have a strong commitment to the same sort of research as is carried out in universities and Government laboratories, and their appetite for Ph.D.s has never been questioned. But many more companies just as strongly based on innovation as are likely to take the B.Sc. graduate as the Ph.D. and some, almost on principle, strongly prefer the graduate at 21 to the Ph.D. at 24.

Part of this may reflect a slackening of the pace of industrial research, particularly in the physical sciences, but much of it doubtless reflects a feeling that the graduate retains a flexibility which the Ph.D. has somehow lost. Many university teachers claim with pride that by the time their students have done three years of research they are the world's expert in their particular branch of learning. This cuts little ice with industrial research directors who may have to pay a Ph.D. £1,000 more a year and may feel that his narrow expertise does not justify it.

The sense of malaise attached to the Ph.D. first came to public notice a couple of years ago when a Commons expenditure committee looking into postgraduate education picked up some fairly strongly worded opinions from industry. ICL said that its need for postgraduates was "negligible." The CBI spoke of a "widespread industrial view that the system is producing a body of specialists in science and technology whose research is often questionable." The committee went along with much of this and suggested that postgraduate education—which is, of course, wider than simply the Ph.D.—should be "specialised training for mature students" who had talent and determination well above average both in the academic and professional worlds.

There was much fluttering in the academic deities as a result of this proposal for a complete realignment of the postgraduate world. The Department of Education and Science, to whom the remarks were addressed, has maintained a stony silence although no doubt it will have to respond at some stage. But in the interim two bodies set up their own working parties to come to grips with the postgraduate problem. These were the committee of vice-chancellors and principals and the Science Research Council (SRC).

Academic reaction to these comments has been very mixed. The SRC joined with the CBI, the Council of Engineering Institutions and the Council of Scientific and Technological Institutions in taking these proposals to gatherings of academics and industrialists in Cardiff, Birmingham, Glasgow and Leeds as well as London, and drew some fairly predictable criticisms.

These were that: it needed three years to do a research problem properly, there should be no competition about course work; that U.S. education wasn't all that good—the structure of the Massachusetts Institute of Technology postgraduate education was singled out in the report as worthy of emulation; that it would cost a lot of money; and that the SRC's charter did not permit it to force changes on universities.

Some of this is doubtless true, but the SRC holds a lot of pursestrings and has been trying for some years to press the pace for collaboration between industry and universities, particularly in the co-operative awards in science and engineering schemes.

With a certain amount of grumbling, and with widely varying responses from different universities, the sort of ideas that SRC has been floating are likely to be absorbed into the educational system in the next ten years. It will be fascinating to see whether industry's longstanding discontent with the Ph.D. then melts away.

David Davies is the Editor of *Nature*.

The Symbol of Performance

During the year under review BMW succeeded in strengthening its position in the major car markets of the world. This achievement has to be seen against a background of world-wide recession and it is a direct result of the Company's finely tuned model range, its carefully balanced international sales organization and a solid corporate philosophy.

In the domestic market BMW achieved a 54% increase in registrations, almost double the industry average. Car exports were up by 7.5%. In total car sales rose by 2.2%, strongly surpassing the 5% average for the automotive industry of West Germany.

At the same time sales of motorcycles increased by 17.2% practically reaching the full potential of the Company's current production facilities.

BMW Car Market Share	1971	1972	1973	1974	1975
Germany	4.2	4.6	4.6	5.0	6.2
France	2.4	2.4	1.9	1.8	2.3
Belgium	2.4	2.4	2.4	3.2	4.4
Switzerland	1.6	1.5	1.2	1.7	2.1
Sweden	1.5	1.5	1.4	1.1	2.0
Netherlands	1.2	1.2	1.2	1.1	3.2
Austria	0.7	0.8	0.7	0.9	1.5
South Africa	0.5	0.5	0.6	0.6	0.8
Italy	0.4	0.5	0.6	0.5	0.6
Great Britain	0.12	0.14	0.12	0.11	0.22
USA					

Comparative Annual Figures	1975	1974	Change %
Sales ¹⁾			
domestic	DM mill. 1,928.3	1,330.1	+45.0
foreign	DM mill. 1,326.2	1,182.2	+14.1
total	DM mill. 3,254.5	2,492.3	+30.6
Output			
cars	units 221,298	188,965	+17.1
motorcycles	units 25,566	23,160	+10.4
Car sales			
domestic	units 120,553	85,641	+40.8
foreign	units 106,135	98,689	+7.5
total	units 226,688	184,330	+23.0
Motorcycle sales ²⁾			
domestic	units 5,357	4,571	+17.2
foreign	units 20,196	20,618	-2.1
total	units 25,553	25,189	+1.5
Car market shares ³⁾			
domestic car market share	% 6.2	5.0	
share in car exports of Fed. Rep. of Germany	% 7.3	5.8	
Personnel			
strength at end of year	28,989	25,805	+12.3
turnover per employee	DM thous. 124.8	97.7	+27.7
personnel expense	DM mill. 902.7	725.0	+24.0
Balance sheet total	DM mill. 1,697.2	1,493.7	+13.6
Share capital	DM mill. 300.0	300.0	
Net worth	DM mill. 603.6	584.7	+3.2
Fixed assets	DM mill. 986.0	903.2	+9.2
Investments in tangible fixed assets	DM mill. 167.3	159.4	+5.0
Depreciation of tangible fixed assets	DM mill. 142.8	139.4	+2.4
Annual net profit	DM mill. 74.0	42.0	+75.2
Dividend	DM mill. 54.0	42.0	+28.6
per share of DM 50 nominal value	DM 9.-	7.-	
	% 18	14	

¹⁾ excluding value added tax. ²⁾ of BMW Motorrad GmbH. ³⁾ passenger cars incl. estate cars. ⁴⁾ including special items containing reserves.

In the USA, the newly formed subsidiary, BMW of North America Inc., Montvale, New Jersey, enjoyed an excellent first trading year. In another move BMW acquired all shares of Motag AG, Zurich-Dielsdorf.

This has further strengthened BMW's international sales organization and enhanced its market adaptability.

Total sales of BMW AG amounted to DM 3.3 billion, an increase of 31%. Group sales including domestic and foreign subsidiaries reached DM 3.6 billion.

Close on 29,000 employees contributed actively to better the earnings result which due to the continued cost inflation was, however, still below the 1973 level. The dividend was increased from DM 7.00 per DM 50.00 share in 1974 to DM 9.00.

During the first months of 1976, the heavy demand for BMW cars continued and in spite of extra shifts the Company already needs several months for delivery of all models.

The strengthened position of BMW, reflecting increasing customer acceptance and loyalty, underlines the management's optimism for the foreseeable future.

Bayerische Motoren Werke Aktiengesellschaft München

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TUESDAY, AUGUST 3, 1976

THE LONG STATEMENT put out by the Takeover Panel at the end of last week, in the course of which it censured a director of Rothschilds, has understandably provoked a good deal of discussion. Rothschilds itself, while not denying that an error of judgment was made, insists that it is not possible to consider that a merchant banker's duty, as now formulated by the Panel, to reveal to the Panel any doubts or disquiet he may have about his client and to acknowledge that this duty overrides any duty to a client is capable of giving rise to a particularly difficult ethical question. Their suggestion, should be discussed among those responsible for the working of the Panel.

The relationship between professional adviser and client is capable of giving rise to practical difficulties in many fields outside banking, which is precisely why various professions have drawn up their own rules of conduct and possess powers to discipline members when it is held that these rules have been infringed. The Takeover Panel was set up at the instance of the Bank of England to give support to the main City institutions to elaborate a system of rules for the proper conduct of mergers and takeovers and has powerful sanctions to fall back on if necessary to reinforce its findings in particular cases.

The avowed object of establishing such a Panel was to make unnecessary the establishment of some official supervisory body with statutory powers, analogous to the U.S. Securities and Exchange Commission. The advantages of self-policing, if it can be made to work in a way acceptable to the general public, is that it is more flexible and therefore more efficient. The record of the Takeover Panel over the past few years suggests strongly that self-policing can be made to work satisfactorily and that the rules can be adapted to

YESTERDAY'S DECISION by the Law Lords, upholding the decision of the Tameside Metropolitan Borough Council against the judgment of the Secretary of State for Education, Mr. Fred Mulley, could be a landmark in both educational policy and English administrative law. The immediate effect of the House of Lords' decision is that the Conservative-controlled Tameside Council can now go ahead with its plan to revive grammar schools within its area, thus overturning the policy of the Labour group of councillors who last control of Tameside in the local elections in May.

The new Education Bill now before Parliament is similarly deficient. It is about "comprehensives" but it is not, in any meaningful sense, about education. Thus the two educational questions which the Law Lords' decision should open up are: Who should control education? and what control should there be over the content and quality of teaching in schools? If such questions are thought through, the decision will be far from alone, but worthwhile. If the end result is better quality control (at national or local level) over the output of teachers, it will be doubly valuable.

Some uncertainty about the

It is inevitable that some of the initial response will be focused on the question of the issue of the administrative arrangements for schools; this, after all, is what the quarrel seems to be about. Yet the important question is not whether children attend "comprehensive" or "grammar" schools, but rather what kind of education they receive. As to the schools inside the more "unstructured" comprehensive schools, the education provided is of a quality that is lower than all children have a right to expect.

Mr. Mulley was not seeking to use his Ministerial powers (or supposed powers) to improve this quality; his purpose was to ensure that selection at 11 was ended so that the former Labour council's plan to place all children in schools that could be labelled "comprehensive" could be carried out. In the William Tyndale case the fundamental difficulty was that no authority—from the Minister down through the Inner London Education Authority to the inspectors—tried to use any powers at all to improve the quality of education provided.

changing circumstances much more simply and fairly than legal requirements.

But it is implicit in the whole concept of self-policing that those who advocate it—and the merchant banks operate in any case on the basis of self-policing—recognise that they are part of the process and, as last week's statement avowed, that "they have a duty to assist the Panel in discovering the whole truth of any matter under examination and to assist the City over and above any duty to clients." To question this principle is, in effect, to question the whole concept of self-policing. It would be sad and ironic in the highest degree if this concept were to be questioned in the City by the Government, once again considering the question of establishing an SEC and when the Minister immediately responsible seems to have come down against that idea.

The practical difficulties involved in self-policing can be reduced to some extent. Insider dealing by a customer of Rothschilds, which was the point at issue in this particular instance, illustrates the case well. Insider dealing should be made a criminal offence, as politicians of all colours agree and the Takeover Panel has itself suggested. Once the Government gets round to this (and the main reason for delay is the difficulty of defining an "insider" precisely), one can be certain that banks which suspect their clients of such action will be very quick either to report it to the Panel or to break off relations. In general, then, specific practices which are both grave and generally condemned will be outlawed. The rest of the field, where distinctions are harder to draw, of Practice administered by professional colleagues is the best way of ensuring good conduct; and this necessarily implies that there will sometimes be considerations more important than the interests of a client.

SINCE he became Secretary for Education and Science just over a year ago, Mr. Fred Mulley has consistently lamented his lack of power to make anything happen in the State's educational institutions. The only public funds whose use he can personally direct, he says, are those for the removal of air raid shelters from school playgrounds.

But Mr. Mulley has always been able to assume that beneath his lamented lack of open power, there lies a device enabling him to cut through the tiers of local government and of institutional bodies of governors or managers, and rely directly on the people themselves. It is this device—Section 68 of the Education Act 1944—which has been the focus of the Education Secretary's original legal action in the Tameside case, and of the two appeals culminating in yesterday's unanimous dismissal by the Law Lords. And, although the legal implications of the five Law Lords' judgment must remain unsure at least until we have explicated their reasoning, Mr. Mulley's first attempt to use the device may have produced an ironical result. It could well have taken from the Secretary of State the discretion to act directly even under Section 68, and passed it into the hands of the courts.

To a layman, the material part of Section 68 may seem categorical. It reads:

"If the Secretary of State is satisfied, either on complaints by any person or otherwise, that any local education authority or the managers or governors of any county or voluntary school have acted or are proposing to act unreasonably with respect to the exercise of any power conferred or the performance of any duty imposed by or under this Act, he may, notwithstanding any enactment rendering the exercise of the power or the performance of the duty contingent upon the opinion of

He probably knew that he could count on the opposition of the main teachers' unions involved in carrying out at short notice the necessary selection of 11-year-old children in the area for the grammar school places the council wished to retain. Perhaps he thought that this, coupled with his own obvious disapproval, would cause the Thameside Conservatives to change their mind. If so, it is a pity that he did not ask me.

Having been born and bred, and still retaining close connections in the Tameside

**On the
line to
Fleet St.**

The Newspaper Publishers Association goes back to 1806, and more than in most trade associations, its members must have spent at least the first 30 or so years working fervently to reduce the size of the organisation by killing off rival titles. The NPA insists that a very different spirit is abroad to-day, all recognising that to lose even one more Fleet Street newspaper (the "publishers" come only from that select circle plus the drink trade's daily, the *Morning Advertiser*) could have a disastrous "domino" effect.

National newspapers may collectively have their financial troubles, but they look positively super-efficient compared with British Rail. So it is not for promoting profitability that Sir Richard Marsh, who on leaving British Rail will take on the chairmanship of the NPA after Lord Goodman, has been sought by the newspaper industry. What seems to impress mainly is his skill at establishing a sympathetic working relationship with trade unionists.

In his five years at British Rail, Marsh, with his hearty and open manner, has indeed won the general confidence of the railway unions. They have seen him as ally against an increasingly hostile Government, and—something which will strike a chord in Fleet Street—he has several times challenged the assertion of some critics that the railway system is over-manned.

In the late sixties Marsh rose to be Minister of Power and then Transport. In the latter post, as with other colleagues caught up in the enthusiasms of that "white hot" technological era, he saw himself as a high-powered manager. Political arts

"She sat through 490 boring hours and fell asleep just before the streaker!"

seemed of secondary importance. In the event, he was dropped in 1969, and since then his friends reckon that in fact his political skills rather than any flair for detailed management have been his stock-in-trade.

Of course, in the recent frosty economic climate, that has not saved Marsh and ER from being pushed further and further into the corner, Marsh claims, understandably, fed up at the swing from declarations of support for rail to a much less sympathetic view of trains' place in transport overall, has grown bitter at the antics of his political masters.

At least in switching to the NPA, Marsh moves to a sector of business that has only reluctantly truck with Whitehall, although several national newspapers appear to support the Conservative Commission on the Press's view that the State aid help cover computer-induced redundancies is worthy of consideration.

One thing Goodman possesses

In spades is subtlety, and some may question whether Marsh's relative lack of it can really help the Fleet Street. The NPA itself has been weakened by the defection of the Daily Mirror group, though in a thoroughly odd manner, the Mirror does still take part in what the NPA calls its "commercial activities," which, presumably, means those that are not controversial.

As for Marsh, earlier this year tipped to undertake the CBI director generalship now giving ex Fair Trader John Methven some exciting moments, the NPA will probably want him two days a week and is expected to pay him a good bit more than the money he published some time ago. Goodman's acceptance of the post should leave Marsh with plenty of energy for the other three days.

"We would like control of Beyer Peacock," says Sheikh Mohamed Al Bedrawi, chairman of the Saudi Arabian National Chemical Industries but also a director of First Arabian Corporation, which holds a 25 per cent stake in merchant bankers Edward Bates. "When there is no control, things get out of hand."

Having now accumulated a 40 per cent stake, NCI's current bid for Beyer Peacock valuing the company at £3m., is the first such offer for a U.K. industrial company by Arab interests. Beyer Peacock has had a poor trading record in recent years. Following a net loss of £61,000 in the preceding 15 months, it recovered to a net profit of £57,000 in the year to March, 1975, but in the half-year to September there was a drop from £52,839 to £14,740.

The main problem and, ironically, now the force for recovery, is a subsidiary called

Space Decks employing about 130 out of the 890 workforce and this is what NCI is primarily interested in. Space Decks makes structural steel pyramids" (what else?), NCI is a major customer. Last year it claims to have bought half of Space Decks' \$2m. turnover and since March has placed a further \$1.5m. of orders. "We are a major contractor" of Dartmouth Naval College at Princeton, New Jersey, with a 27 per cent. stake in NCI, has written gloomily to Beyer shareholders. He says that Space Decks relies to a considerable extent upon the support of NCI which currently has plans to place new orders with the company, "although," he warns, "there are alternative sources of supply."

Christopher Bland, ex First National Finance Corporation,

managing director of Beyer Peacock and his adviser Charles Ball of Barclays Merchant Bankers (currently leading the assault on Tate and Lyle against Mander and Garton) dismiss all charges of collusion. They stress the relationship between the two companies to Siamese twins: "We went out to Saudi Arabia and sold our products to NCI at good prices." Space Decks' products are particularly valuable compared with conventional steel products when it comes to meeting short Gorton steel deadlines. Contracts for which a premium is paid. Ball was also "not frightfully impressed" with the offer document. Next week, it seems, Beyer Shareholders can expect to hear of better profits and perhaps a higher dividend.

Notice in West End store:
"Capable young assistants are
required in our ladies hairdress-
ing salon. 5-day week. Good
pay. Staff canteen. Fringe bene-
fits."

Observation



Protagonists: Mr. Fred Mulley, Education Secretary (left), and Mr. Donald Thorpe, chairman of the Tameside Education Committee.

appeal further to the Lords. But Mr. Mulley was able to circumvent this by petitioning the appropriate Lords committee for the necessary leave. The petition was heard last Thursday by a committee composed of the Lords Wilberforce, Dillhorne, Diplock, Salmon and Russell of Killowen. The five committed members agreed that the appeal should be heard, and the next day reconstituted themselves as an appellate body, and heard it. The proceedings, finished on Saturday—the first week-end sitting by such a body for two centuries—soon even then the general expectation by the experts was that the Law Lords, albeit perhaps by only a majority, would at the last reconfirm the Secretary of State's discretion to judge the educational evidence under Section 68.

The fact that the best expectations have once again been confounded should, in the absence as yet of the Law Lords' reasons, be a warning against drawing conclusions. But the obvious inference from the unanimous dismissal of the appeal is that the courts have now thrown away another bit of the precious little power of direct action that the Education Secretary has.

If so, Mr. Mulley and his successors will face difficulties. The most immediate of these is the Education Bill which is now a good way towards becoming law, having been guillotined through the Commons and lately read for the second time in the House of Lords.

The Bill was intended to be the conclusive force behind Labour's policy of instituting fully comprehensive secondary schooling. Introduced last December, it was designed primarily to overcome the seven local education authorities which the Department of Education and Science then viewed as intransigently resistant to the comprehensive creed. They are Buckinghamshire, Essex, Trafford, Bexley, Sutton, Redbridge, and Kingston-on-Thames which is said to be the only authority in England and Wales with no comprehensive schools at all.

But resistance does not end with the, now, eight outright rebel, authoritarian, another 20 Conservative councils have distinctly been dragging their feet, which seems to be highly significant for the new Education Bill.

This enables the Secretary of State to require local authorities to reorganise their secondary schooling on comprehensive

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Observer

FINANCIAL TIMES SURVEY

Tuesday August 3 1976

Investment Services

Most individuals and many firms and institutions are finding it increasingly difficult to cope with their investments merely by using their own resources. This has led to considerably greater demand for professional advice.

Getting the right advice

By Christopher Hill

LOOKING FOR growth industries in Britain nowadays might seem an uninspiring task, but one which certainly merits the "growth" tag is the field of investment services. Not only are equity and property markets less stable and predictable than was the case a decade ago, but also the investment field has widened to include media which would once have been termed speculative—including overseas stockmarkets, commodities and bullion coins. Similarly, tax regulations and other restrictions have expanded to the point that most people with investment incomes need regular and detailed advice. And there is no sign of it getting any better. Next year, for example, the investor might have to start taking Chicago-style options into his range of possibilities, and there is no such thing as a safe home for his money which will allow him to forget about it altogether.

Where the individual is concerned the first obstacle to overcome is where to put his money if he has capital or how to build up capital if he has income and prospects. There is another aspect of this for retired people whose usual problem is how to increase their income from accumulated capital and if possible to pass on as much as possible to their heirs.

A number of avenues available for individuals who require investment management find it difficult to follow necessarily that

the more money you have the better the management will be. What will be the case for large amounts, however, is that the management will be more personal and perhaps more tailored to individual requirements. For the upper bracket of investor the traditional homes have been the merchant banks and the leading stockbrokers, who during the palmy days of institutional buying gradually upped the limits for which they were prepared to give individual attention. This is still so in some respects, but there are definite signs that "private portfolios" are being taken more seriously than perhaps was once the case. Some of the leading stockbrokers, for example, like Grieverson Grant and Rowe and Pitman now actively seek private clients and have progressively geared up to cope on an economic basis.

Trend

advising and influencing other professional advisers than they do on advising the client directly. Perhaps the epitome of this is the Schlesinger group which has made deep inroads on the stockbroker market with its Personal Investment Management (PIMS) range of services. What PIMS really consists of is a personalised unit trust service which keeps the investor reasonably closely informed about what is going on.

Alternatively, anyone with around £10,000 upwards can try the services of one of the private portfolio management services which have blossomed in recent years. These vary in quality and expense and the basic difficulty was to choose the right one. But the formula

of an association which is now on the cards should do a lot to solve this problem.

Where institutions are concerned there is also a demand for investment services. These take various forms but one

who wish to do well out of land to this except that the insurance field provides a lot of the mission agreement has made it

For people who have very standards by coming up with little capital but a strong desire to accumulate it, the life assurance field provides a lot of the mission agreement has made it

Prospective growth, easier to sell the client a policy tax relief and protection are the main carrots and the product range has extended in recent years from with profit endowments at one end to house-holders loan plans at the other. Life assurance is well served with advisers, and their ranks are tending to grow with the most important development being that the clearing banks are now active in insurance

broking and are becoming less shy about using their muscle. But the main question mark over life assurance advice from the usual sources like insurance brokers and other intermediaries is "How good is the advice and to what extent is it independent?"

There are no absolute answers one can sometimes achieve a for alternative investments—plus security.

higher income by taking a slice of capital (or hopefully capital appreciation) each year than by coins can hardly be said to have investing in high yielding funds, commodities have come in to This is becoming more widely take their place and a number understood and the products of firms offer to manage portfolios for private clients or in reflect it. At the other end of the scale, there are the activities of tax planners who do their utmost to exploit every loophole in the system. Their activities tend to be shrouded in mystery for obviously the quickest way to get a loophole blocked up is to shout about it from the rooftops. Indeed tax planning is coming increasingly under attack from the Left Wing and it looks like having a rough ride. But, as one tax planner remarked, "If the higher rates of tax were more reasonable, I would be out of business." Mid-way between the two extremes, taking in both tax and life assurance planning, is school fee planning. This may sound an esoteric area but several firms of advisers mould their business round it and there is a great demand for this advice.

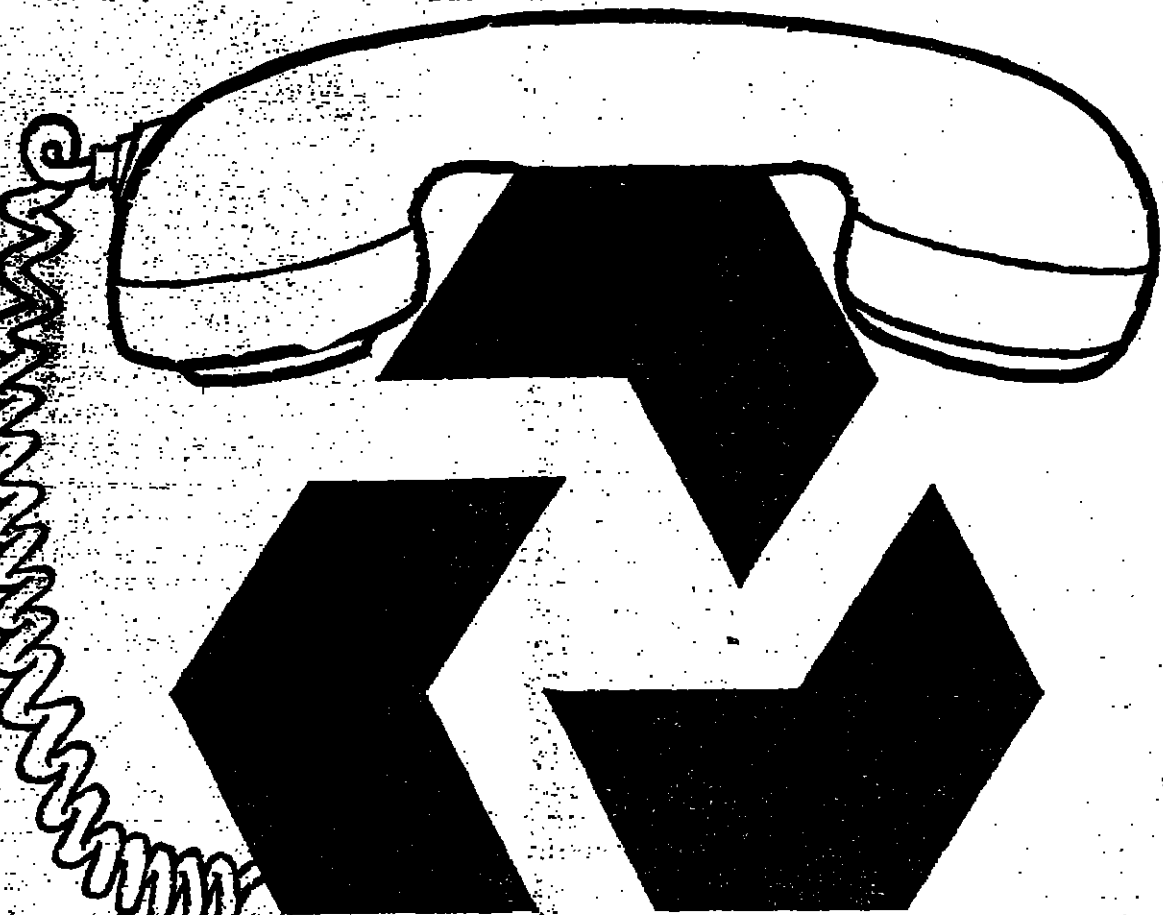
Another important aspect of investment services is the growing range of services on offer. Although the concept of "total money management" no longer seems as popular as it was (perhaps no one firm can be expert in everything), it is now possible to gain advice on anything from bloodstock to diamonds. Not everything has worked out as well as a steady track record for alternative investments—plus security.

Expectation

But if the number of services has expanded so has the level of expectation. With increasing access to statistical services provided by technical analysts, banks, insurance brokers, stockbrokers and newspapers, neither the private individual nor the institution is so willing to take things on trust as once was the case. A respected name is no longer enough by itself to command a healthy inflow of business—investment performance is demanded as well. Conversely, over-dramatic performance are suspected following the ups and downs of 1974 and the ideal combination which advisers now seek is a steady track record

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INVESTMENT SERVICES II

Stockbrokers for the rich

STOCKBROKING IS primarily a service industry, and a broker will only be as good as the service he offers. But with over 300 member firms the problem for the private client is to find the right broker who is willing to take him on and offer the best service at a reasonable cost.

Undoubtedly the service offered varies widely from firm to firm, but searching out a first class firm is not always the right answer, because many of the bigger brokers concentrate on institutional clients at the expense of everything else. Perhaps this is not surprising considering the gradual loss of personal wealth and the transfer of funds to pension schemes and insurance groups, as well as the build up of unit trusts and investment trusts offering a wider spread of investment than an individual could hope to make on his own.

These private investors who can still afford to deal for themselves are declining in number. Before World War II private client business accounted for about four-fifths of Stock Exchange turnover, whereas a recent one day analysis of turnover last October showed that private clients accounted for only 38 per cent. of London brokers' turnover in domestic

equities against 45 per cent. 14 months before. For country brokers private clients accounted for 57 per cent. of business in these securities compared with 50 per cent. in the previous analysis.

These figures underline the impression given by many London brokers that faced with ever rising costs they have to concentrate on as much institutional business as they can get. Also it is equally understandable that for most regional firms private clients are the bread and butter business. However, a broker aiming for a growing number of small investors is not the sole

prerogative of the country vices to both large and small clients, so in effect it is running capital based firms, such as four services. Grieverson Grant, are actively seeking private business and they are not in the welfare of business, so there is money to be made out of private clients even for the larger brokers.

Basically those brokers catering for private clients offer three types of service. First there is the pure stockbroking service, where the client takes his own decisions on what to buy and sell and contacts the broker with his instructions. This is a plain dealing service and there will be no charges except for commission. The broker is under no obligation to pass comment on the investment or to offer advice, though of course a relationship will build up between broker and client if he is an active investor.

Difference

Apart from the pure broking service many firms offer what can only be called portfolio management services. Broadly, the broker manages the investor's portfolio on an advisory basis or on a fully discretionary basis. The difference is fairly obvious in that under an advisory basis the broker will have to contact the client before making any move whereas under discretionary management the client need not know about a bargain until he receives a contract note.

In addition there are various back-up services. Periodic valuations, lists of shares bought and sold and dividends received and sometimes research material can be obtained from many brokers. But these facilities vary widely and it is worth sorting out exactly what you want and whether the broker can provide it before formulating any agreement.

Looking at an actual broker's service to get an idea of costs and minimum portfolio requirements, Grieverson Grant offers a very comprehensive service in London for private clients and has funds under management amounting to £280m. For few individuals the business is a pure dealing function, but for fund management GG offers discretionary and advisory ser-

Example

R. C. Grieg in Glasgow is perhaps as good an example of a regional broker as any. Basically Grieg will take anyone on. Even if an investor comes along with £1,000 the firm will suggest a spread of unit trusts free of charge, with an eye to the build up of the client's investment through the firm. Both advisory and discretionary services are offered, and Grieg backs up its investment with research into small and medium-sized companies, though more weight is placed on following the market than pure research. The number of private clients has evidently grown rapidly over the past 18 months probably because the firm charges no fees apart from dealing commissions.

In conclusion most stock brokers are willing to help private clients, and at least discuss their services. However there are no hard and fast rules or which type of investor should go for a particular broker, and it is a contact cannot recommend a suitable broker, the only answer is to open discussions with a few firms and see which one offers the most suitable service.

Terry Garrett

Safeguarding pensions

THE RECENT Court case over the investments made by the London Co-operative pension fund highlighted the effects of poor investment performance. In this case it resulted in lower pensions for members when they reached retirement. But in most modern pension funds, when the pension is fixed as a proportion of final salary, it is the employer who has to pump in extra money to the fund to make good any investment shortfall.

A professional approach is necessary to pension fund investment with particular regard being given to the nature of the liabilities of such schemes. Pensions are paid usually from age 65 for men so that in the case of a new entrant this event is over 40 years away. Then the pension is almost cer-

tain to be linked with final salary or salary during the final few years of the working life. Thus liabilities are very long term and escalate with salary inflation. The assets should therefore also be very long term and their values should also rise with the passage of time. This inevitably means that the majority of the portfolio should be in equity type investments—ordinary shares and property.

The other feature of pension fund investment is that most funds are still growing steadily and have by no means reached maturity. So there will be a very positive cash flow into the fund for many years. There will be little likelihood of any forced sale of investments and the emphasis on investment strategy will be buying rather than selling. This can bring dangers. There is a temptation for managers to go to sleep on the fund and not weed out any bad holdings from the portfolio.

Only the very large funds can really afford to act themselves in the investment field, employing the necessary specialists and setting up the various departments. This applies particularly to property investment which needs the services of many experts. Employers and trustees of pension schemes, who are ultimately responsible for the management of the fund, should seriously consider the various investment services available.

Of course, the employer can avoid all these problems by setting up an insured pension scheme, in which case the investment services come with the scheme. In such cases the employer pays the contributions into a common portfolio which is managed by the life company. This fund will be invested across the whole spectrum available with the emphasis on equity and property. The fund's assets and liabilities are valued periodically and bonuses declared which usually offset the employer's contributions.

There are variations on this theme, such as deposit administration, so that the individuality of the scheme can be preserved. But overall the investment responsibility remains entirely with the life company. Over the years these companies have built up high-powered investment departments and the performance has been good. It is certainly ideal for the medium and smaller employer, relieving him of all responsibility and worry.

Range

The larger funds, however, may well prefer to be completely separate and administer the pension fund themselves. There are many financial institutions which offer investment management services. The ones which possibly spring to mind are the merchant banks or the merchant banking arms of the clearing banks. These have been operating pension fund management services for many years and offer the complete range including direct property investment. Now a few life companies are offering a similar service to clients, doing purely investment management on an individual basis with no pooling of investments at all.

The trustees can give the merchant bank complete discretion in handling the investments, but the more usual practice is for a finance committee to decide on overall investment policy on recommendation from the managers and leave the implementation of that policy to the managers.

The leading stockbrokers have also offered pension fund investment management services for many years. Until recently they have tended to concentrate on the smaller sized funds which could not really consider direct

Discretion

The trustees can decide themselves in which funds to invest or they can give the life company complete discretion. In such cases investment would be in a mixed fund of all three media—equities, property and fixed-interest—where the life company decides on the mix. Indeed, some life companies only offer a mixed fund, thereby retaining complete investment control. It is up to the individual board of trustees to decide which type they want, but most life company managers find that trustees are willing to leave everything in the hands of the life companies.

This may well lead to an easy life and the life companies have a very good track record. But the ultimate responsibility for investment still lies with the trustees, whatever delegation has been made and they should at least keep the investment performance under review.

How do the trustees exercise this responsibility and how do they decide the investment managers at the start? Most pension consultants now regard this as part of their services, both in recommending the manager and in measuring investment performance. The consultant often has a seat on the finance committee—a logical appointment, since the level of contributions depends on the investment performance.

The current move is towards pension scheme administrators providing more information to members of the scheme, including the investment state of the fund. The trustees should ensure that the investment manager is prepared to offer this service as part of his overall brief and they should be actively employed in designing the form of the information. After all, if the trustees cannot fully understand what the investment managers have been doing in the past, it is almost certain that the members will not understand either.

In the past several Boards of trustees have sought to place restrictions on the powers of investment managers. It was usual to state that investments could not be sold at a loss, a very defensive measure since it meant that no investment losses appeared in the accounts of the fund. But the acid test of a manager is how quickly he reacts to an occasional loss and moves into another investment. If trustees wish to get the best investment performance from their investment manager, they will discuss strategy with him, monitor his performance once a year, review what he has done, but otherwise give him a free hand.

Eric Short



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INVESTMENT SERVICES III

The solicitor and the accountant

THE UNFLATTERING image of the country solicitor or accountant as someone who is content when his client's assets go no further than the local building society, or who fills up trust funds with War Loan, tends to die rather hard. But nowadays such notions tell only a small part of the truth.

These traditional professional advisers provide significant amounts of the business that flows to the savings groups and the life insurance offices. The ever increasing influence of the tax man, and the continual changes in legislation, have probably tended to enhance their role in the investment services field.

But the professional adviser has to be prepared to take on an increasingly specialised role — or accept the need to call in turn upon other specialist advisers. A small firm of solicitors or accountants cannot hope to provide a service extending through selection of investments and sophisticated tax planning to comprehensive insurance packages. Their close contacts with clients, however, and their high standing — higher than that of, say, insurance brokers — may sometimes lead to their taking on overambitious commitments.

Difficulties

Some idea of the potential difficulties experienced by investment houses in dealing with non-specialist professionals can be gained from the remarks of Hambro Life — the largest unit-linked life assurance group, with some 90 per cent. of the market — in its recently published new issue prospectus.

Hambro Life's policy is to grant agencies only to persons or firms who are full-time in the insurance business. "This avoids the expense of maintaining a large force of inspectors to service part-time agents... and at the same time helps to ensure that applicants for policies have received competent advice."

The implication is that it may be better — both from the point of view of the client and the investment house — to use an intermediary who is specially trained within his field rather than the holder of some general professional qualification. But the insurance salesman generally has the problem that he has to go out and find business wherever he can. It is often a hard sell. The professional adviser, by way of contrast, tends to find that opportunities for giving guidance on investment services arise easily and naturally out of his normal dealings with clients.

Important

Certainly the major investment houses cannot afford to neglect accountants and solicitors as potential sources of business. The vast proportion of business is typically gained through professional sources of one sort or another, and although stockbrokers and insurance brokers may be more important than accountants, who in turn are more significant than solicitors, the latter categories are carefully cultivated.

Even a group like M and G, which in the past has dealt either with the public direct or through stockbrokers, is now overhauling its charges structure to enable it to pay commission to agents. This involves increasing the initial charge on its trusts — so far, in only two cases — from 2½ to 3½ per cent., to accommodate a commission of 1½ per cent. This is payable to, among others, qualified solicitors or chartered or certified accountants.

M and G explains that the growth of unit-linked assurance has changed the structure of the unit trust market, with the outlets for investment services becoming "greatly widened". These days, it seems, the public is no longer so easy to reach directly, through newspaper advertisements for instance.

Out of M and G's list of regular agents, approaching a third are accountants and solicitors. Save and Prosper, too, takes care to build its contacts with this section of the market. From time to time the group arranges seminars and talks around the country. S and P gets the impression that accountants, in particular, realise that investment advice forms part of their regular service — a respect in which they may be more go-ahead than the average firm of solicitors. But then the professional code of solicitors may make it more difficult for them to develop into this sales-oriented area of activity.

The fast-growing Schlesinger group, which aims at the top end of the investment market, with large minimum holdings, also deals extensively with professional advisers. Again it is the accountants — who probably see their clients more regularly than do solicitors — who are more significant.

But when it comes to really big proposals, as in major capital transfer tax problems, the lawyers may well be on a better wicket. The more traditional insurance companies, such as Equity and Law, are becoming used to dealing closely with professional advisers in the devising of large policy packages aimed at solving particular problems.

At this kind of level, in fact, the client may well require a blend of the skills and contacts offered by a variety of professional advisers, including lawyers, tax accountants and insurance brokers, with final assistance from the experts of the investment house or insurance company itself. Some would argue that there is a case for having mixed partnerships of solicitors and accountants. Certainly there is a blurring of professional specialisations involved. The imposition of new forms of taxation, whether on capital gains, capital transfers or even,

perhaps, one day on assets through the threatened wealth tax, make it ever more necessary for the individual to call upon professional help. Each Finance Bill brings new changes to trap the unwary.

But the professional adviser will need to see the limits of his own competence. Much of the criticism of, say, solicitors over investment advice may arise because they are in some cases trying to do amateur stockbrokers. It is sometimes argued that accountants are more flexible, with more of a tradition of acting in conjunction with other professionals such as insurance brokers.

Conflicts

From the individual client's point of view the important point is the need to watch out for possible conflicts of interest in his dealings with professional advisers. He will have approached his solicitor, and accountant in order to be given impartial advice on his particular problems, and he ought to be prepared to pay a reasonable fee for the service given. Once his adviser starts acting as an agent for outside investment service houses, however, and receiving a commission, the impartiality may be called into question.

There are varying degrees to which this may occur. An agent can get a standard commission from almost anyone, but he may have a special relationship with — and get extra commission from — one or two particular investment groups or life offices. Agents can often get extra rewards, for instance, by channeling large volumes of business to one destination. Ideally, any commissions will be allowed for within the overall fees charged. But in any case the client will be wise to find out exactly what financial interest his adviser has in the course of action being proposed.

Barry Riley

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offers a House-Owner's Retirement Income Scheme, Pension Schemes, Insurance Plans and a Share Exchange Plan, which can provide an attractive way of exchanging your shares on advantageous terms for most of the Group's products.

Save & Prosper Group is one of Britain's leading investment services organisations, managing funds of around £700 million for 700,000 people.

UNIT TRUSTS

By investing in a unit trust, you can obtain a far wider spread of investment than you could readily assemble on your own. In this way you have easy access to investment overseas and can enjoy certain capital gains tax advantages as compared with direct investment in shares. We offer two main types of funds.

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Some of these funds invest world-wide and provide a complete basic equity portfolio with no particular specialisation. Other funds aim to meet specific income objectives such as a high immediate income or a gradually increasing income and in view of these aims, their assets are currently confined almost entirely to UK equities.

Specialised funds These funds concentrate on particular geographic areas such as the United States, Japan and Continental Europe and on major investment sectors such as energy, commodity shares and finance. In the case of those funds invested overseas, the practical difficulties of currency management and the researching of overseas companies are carried out by managers with wide experience in these matters.

INVESTMENT BONDS

The Save & Prosper Investment Bond is one of the most versatile contracts now available. It can be linked to any of the three funds below or to any one of 23 unit trusts, and there is the flexibility to switch from one fund to another at low cost. There is also a withdrawal facility which allows bondholders to withdraw 5% of their initial investment each year for 20 years, free of all personal tax at the time.

Property Fund This represents one of the few ways that the private investor can enjoy a direct investment in commercial and industrial property. The fund is currently invested in prime shop, office and industrial property in areas of good economic growth potential, both in Britain and Continental Europe.

Since the fund was launched in 1971, it has been one of the best performers and is now one of Britain's largest property funds.

Balanced Investment Fund This provides a balanced portfolio invested in a combination of property, equities, fixed-interest securities and deposits, in proportions decided by the managers. The fund invests in property through the Property Fund and in equities through the Group's unit trusts.

Deposit Fund This is invested in capital deposits through the London money market and provides a valuable haven for capital in times of uncertainty.

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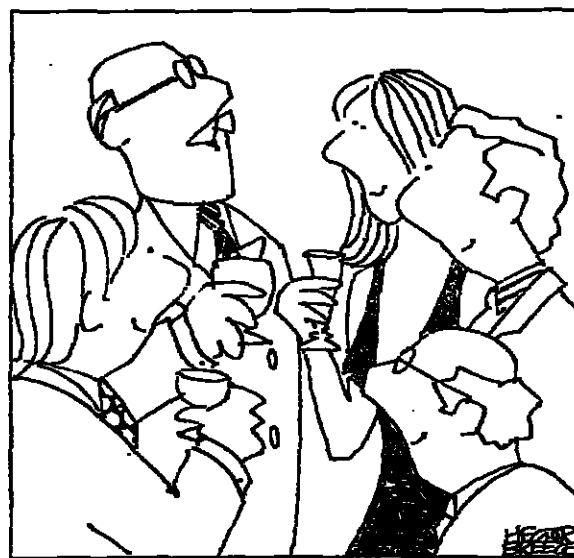
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The Cannon Share Exchange Scheme

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income surcharge has been deducted from his share dividends.

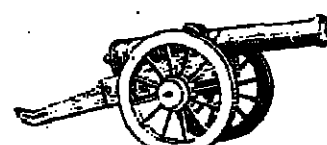
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**CANNON ASSURANCE
SHARE EXCHANGE SCHEME**

Eric Short

A changing arena for the insurance broker

THE INSURANCE broker during the past decade has become more than an insurance salesman. To be able to offer a complete service to his client, he needs to be a financial planner, investment adviser and insurance specialist all in one.

There has been something like a silent revolution in both the investment world and the life insurance industry. The private investor holding a portfolio of ordinary shares is slowly disappearing. More and more stockbrokers are raising the minimum levels at which they will manage a client's portfolio. On the insurance scene, the advent of the unit-linked companies has changed the emphasis to saving from protection.

Thus the smaller investor has been forced to cease holding a private portfolio and to look for other investment media. Unit trusts and unit-linked life assurance enable him to undertake equity investment, not only in the UK, but worldwide. Unit-linked life assurance also opens up opportunities for investment in other fields such as property or fixed-interest.

Choice

The investment choice during the past ten years has expanded out of all recognition and the insurance broker has had to expand his area of expertise accordingly. The investor is looking not only for protection against death but for protection against survival — that is savings. In the good-old days this compromise could only be achieved by means of a with-profits endowment assurance and it was almost entirely regular savings. Very little lump sum investment through life assurance was made. Indeed the members of the Life Offices Association had a self-imposed limit of £1,000 outlay in any 12 months.

Now the investor is offered a very impressive looking array of linked contracts from which to make his choice, while the

bonus systems of many traditional life companies become progressively more complicated. The investor can either use a plan, pick a brand name or use the services of a broker.

The first task of the broker is to explain the difference between a traditional savings contract and a unit-linked policy. This may not be easy. To many investors a life policy is a life policy. But under a linked contract, the investor is taking on the investment risk himself and during 1974 investors cashing-in found out what this meant the hard way. In general investors looking for a good steady return are best off in a traditional contract while those willing to accept a higher risk for a greater reward may find a unit-linked contract a better proposition.

But all this should be explained to the client and the investment aspects need emphasising. Recently, the magazine Planned Savings produced ten-year performance tables of linked and traditional with-profits contracts. These showed the best linked performers provided a better return than with-profits, but the bottom of the linked table was well below the traditional level. Track records are not an infallible guide to the future, but they can help to confirm and highlight the main features of an investment.

If the investor decides to play safe, the broker has to recommend the term of contract, the type of contract — fixed or flexible — and the life company itself. Some life companies have shown remarkable consistency in top performance over many decades. All life companies are willing to provide projections for future maturities assuming current rates of bonus. These can be used as a guide, but no more. Conditions have changed very markedly in the past so that projections made 15 years ago are nowhere near the actual amounts paid out. Fortunately, since bonus rates have gone up

consistently, the projections have underestimated the amounts. But the insurance broker has to advise on the stability of future bonuses when explaining contracts to clients.

With unit-linked contracts, however, the broker is required to give advice on a par with a stockbroker. First there is the decision between equity, property, fixed-interest or mixed funds to which the life contract is linked. The history of linked business shows that first equity investment was the vogue. Then came the era of the property bonds with property as the answer to the investor's requirements. For the more cautious the mixed fund was launched to provide stability if the market went down.

Rational

The market now seems to have settled down to a more rational pattern so brokers are not under any pressure to follow the trend and can assess the long-term merits of each media. What needs to be carefully emphasised is that while the long-term trend is favourable there are likely to be considerable short-term fluctuations. Traditional with-profits business smooths out these fluctuations and if the investor is going to get cold feet every time the market sneezes, he should not be in a linked contract.

The other decision with linked business is the choice of a life company. With the host of small companies that grew like mushrooms in the hot-house atmosphere of the early 1970s the broker must make sure that any small company has sufficient backing and is not likely to go under. Up to three years ago brokers could ignore the possibility of life companies actually failing.

Some brokers have realised that their advice on linked business requires much more investment than insurance expertise and have accordingly

employed investment specialists or taken on as consultants a firm of stockbrokers. Such moves must make sense if the broker is to provide a complete service.

As with other investment portfolios, unit-linked plans should be kept under review, especially if it is lump sum bonds. Switching policies is a new phenomenon in life assurance, but investors should think very hard about holding a contract linked to a fund which is a poor performer. The insurance broker will be the best person to advise on this point taking into account the charges and expenses. Regular savings plans can benefit from pound averaging but there is no such redeeming feature with bonds.

Some life companies have now introduced the concept of flexible investment under which the investor can switch his contract between funds. For large policies this can be done at zero or minimum cost. It is certainly playing the market, but it does give the investor the opportunity to maximise his return. Anyone astute enough or fortunate enough to switch out of equities at the beginning of 1974 and back again at the beginning of 1975 will have done very well for himself. Timing is the essence of unit-linked investment and clients will look to the insurance broker for advice on this.

Finally when the linked contract matures, the investor sometimes has the option to take cash or units. If the market rises after the date of maturity, the investor would be better off in units for subsequent encashment. The broker can fulfil his final service to the client by getting the timing on encashment right. With traditional with-profits contracts there are no such worries since investment periods are fixed and a few months usually makes no difference to the maturity value.

Hoare Govett talks to the private investor

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Banks respond to demand

LESS THAN a couple of years ago, investors were more likely to define the word "conservative" as a condition pertaining to lack of imagination and lost opportunity than to wisdom through caution. But with the stock market upheavals of 1974-1976, the meaning of the word has changed. And so too has the general attitude to the investment services of the clearing banks, always considered to be the more conservative managers of investors' portfolios.

It is not that the investment facilities of the big four—Midland, Barclays, Natwest and Lloyds—have recently received a rush of new investment clients seeking safer havens for their battered portfolios. The clearing banks are at present clienting a bigger corporate clientele this year and there could be some significance in that. But investment management elsewhere has also adapted to the times and it seems unlikely that merchant banks, stock brokers and other established rivals will lose to the clearing banks the clients who have traditionally found their services more appropriate.

But if the clearing banks have not become positively fashionable, their approach to investment has become more acceptable and this has certainly served to consolidate their activities and enabled them to extend and develop their services in an optimistic way.

Among those to have broadened their range of investment vehicles for private clients

over the past year is the Lloyds Bank investment service. It now handles some £330m. of personal portfolio funds in addition to £500m. worth of pension funds and about £70m. of unit trusts.

Through its wholly owned subsidiary, Beehive Life Assurance, it introduced last October the new Black Horse Bond designed for security and long-term growth through a spread of investments in equities, property and fixed interest stocks and providing a life assurance cover in the package. The minimum amount that can be invested in the bond is £1,000 and the total take up so far has amounted to about £2.3m.

Equities

The unit trust side of the clearing banks' services has also been expanded recently to take in extra income trusts tailored to achieve above average income through investment in high yielding U.K. equities with preference shares as well as other fixed interest stock.

Lloyds Unit Trust Managers introduced its extra income fund last February, to add to its three other variously weighted

capital growth and income funds. It and it now stands at some £2m. Natwest, meanwhile, has recently launched a new unit trust through its Unit Trust Managers subsidiary, which handles some £400m. of private clients investment portfolios in addition to funds from other sources.

These innovations can be seen as a landmark in the development of the clearing bank services to the extent that they demonstrate a rather more imaginative approach to the investment business. Although the largest part of Natwest's extra income trust, for instance, is invested in the usual good quality major company shares and about one-fifth in preference shares, there is also an allocation to shares in smaller U.K. companies' stocks which are considered promising but which still offer high yields.

And the services have developed in less obvious ways. Natwest's service, which now handles between £100m. and £150m. of private funds and which has seen its private portfolio grow by some 25 per cent. in less than five years, has in the past year been amalgamating its various branches for

institutional, private and managed funds to facilitate exchange of information. Natwest has meanwhile introduced a special planning unit to improve its services for the more wealthy investment clients with special tax problems—especially those who have to spend long periods abroad.

The clearing banks have come a long way from the days when their investment services consisted of local branch managers dispensing occasional conservative advice on the stock market, or more of a personal than professional basis, to the odd individual who asked for it. But even at that time, the foundations of the present service already existed and are now just as important.

These foundations were the bank adviser's special position. He was able to give investment advice knowing the full financial circumstances of the client and an aspect that has been increasingly relevant to the growth of the service as the tax system and other areas of personal financial management have become more complex. Of managers to borrow foreign currency (equivalent to a sterling deposit) in order to buy overseas stocks whenever this

estate becomes a worthwhile alternative to funding through investment dollar premium. The prospects for growth in the clearing banks' services—in terms of accounts—are uncertain. It is fact that the banks rely on their names than on receiving their investment record goes against them. Partly the professional with funds to invest and the more corporate investor who goes to the clearing bank. But the increasingly time-consuming paper work, such as rights issues, documents, scrip issues and so on. And the banks are also able to open up investment opportunities that otherwise would not be easily available to the ordinary investor.

Documents

Not the least attractive aspect of the service to some investors is the willingness of the bank to take over the increasingly difficult and time-consuming paper work, such as rights issues, documents, scrip issues and so on. And the banks are also able to open up investment opportunities that otherwise would not be easily available to the ordinary investor.

Among the most important opportunities in times of economic problems in the U.K. is the ability to invest in foreign stock. Midland, for instance, has created a special international unit trust aimed at capital growth. It uses the power of managers to borrow foreign currency (equivalent to a sterling deposit) in order to buy overseas stocks whenever this

planing. administration and planning, family trusts, savings schemes, insurance, executor and trustee services and school fees plans that are immediately available to the investment client.

The recent fall in the build of societies is also not necessarily indicative of a likely transfer of interest into other forms of investment from which the banks benefit. At present a trend is seen more as a reflection of spending needs at a time of continuing inflation. Against this background, competition between the various funds and portfolio managers is becoming increasingly tough.

Pauline Cla

Portfolio management

THE MANAGEMENT of private portfolios tends to be split four ways. The top slice of the market is still very much the preserve of the merchant banks. Lower down the scale—in monetary terms—stockbrokers, clearing banks and independent investment companies share what over the past year or so has appeared to be a steadily growing market. In each case the services offered are extremely flexible and tailored to suit the needs of the individual.

But the "personalised" approach is not their only common denominator. Whether the investors' choice be merchant bank or clearing bank he will need to put up a fairly sizeable nest-egg in order to receive real individual treatment.

Most merchant banks will not take on amounts of less than £100,000 and some would even

sniff at sums below £5m. If such a thing existed the average private portfolio would probably fall somewhere between £20,000 and £25,000. This is the sort of range at which the clearing banks aim their private portfolio expertise. Some merchant banks will take on this sort of business and most specialist independents pitch their minimum investments in these areas too, although in each case there are exceptions prepared to go lower.

In recent years the four major clearing banks have built up their trust departments in order to take on a larger share of the private portfolio market. And so too has Williams and Glyn's and some of the Scottish banks. All stress that their conditions of service are flexible with clients advised to follow a course of full investment discretion but at the same time not

barred from taking a relatively active part in the management of their portfolios. By and large the service operated by the clearing banks is similar from one bank to another. But their costs structure is perhaps less standardised.

Barclays charges 30p a year on the market value of the portfolio with a minimum fee of £75. Lloyds' fees run to 50p a year on market value—up to £100,000—with a minimum charge of £25. In each case fees are payable in advance. The Royal Bank of Scotland has a cost structure geared to the number of progress and valuation reports investors demand: on portfolios up to £100,000 the fee scale slides back from 0.375 per cent. per annum to 0.225 per cent. quarterly and annual reports. Fees are charged in arrears with a minimum of £100 a year. The National Westminster probably

has the largest amount of private portfolio funds under management, followed by the Lloyds. As for the merchant banks there are now a number of blue-blooded names featuring on the list of those willing to take on the broad and butter end of the private portfolio business. Hill Samuel has been a prominent contender for some years but names like Hambros, Morgan Grenfell and Warburgs also crop up with some regularity. Hambros and Warburgs are in the £100,000 class but Hill Samuel will take on amounts of £20,000, with Charterhouse Japhet and Ansbacher not much above these investment scales.

The formation of unit trusts and life assurance subsidiaries which, almost by definition, appeal to the mass market rather than the wealthy client, have been one obvious outlet in recent years for a merchant bank wishing to trade down. Some banks have successfully bridged the gap between the top and bottom ends of the personalised investment market. Hill Samuel's Personal Financial Services division is a good example of this trend, though it has had to rely heavily on its unit trusts. For portfolios of between £20,000 and £50,000 the unit trust element under Hill Samuel schemes would be as high as 50 per cent. of funds managed.

Stockbrokers by contrast are still largely a grey area. They are now allowed to advertise their services but in any case few firms have the economic muscle to attempt this. Stock Exchange dealing volume has been very low since the turn of the year and although the costs spiral has slowed broking overheads continue to rise. However one firm—Griesevon Grant—have recently produced a booklet on the subject of private clients which is an attempt to explain what the stockbroker has to offer in the field of private portfolio management.

Outside the City establishment it is possible to find some form of personal investment service for relatively limited amounts of cash, though the level of service can vary strikingly. But many specialist companies see themselves as a useful adjunct to the City—and rightly so. Most independents have been formed from

scratch within the past few years or so and as a result the independent end of the private portfolio industry is still somewhat fragmented a diverse in character. In its annual portfolio management survey the magazine Planned Savings, listed over independent management companies. Roughly a seventh of these had funds under management of £10m. or more, including N. Bentley Securities and John Carrington and Co. with nearly £30m. between them. Both firms demand complete discretion over funds managed.

Despite its size and short existence this "outsider" grouping has survived financial trials of the past few years and is now making attempts to join the established ranks. Initial moves centre on the formation of the Association of Independent Investment Managers which should get the ground sometime this year. The new association aims to provide the independents with a code of conduct backed by fully audited certificates (P. Marwick are on hand); a steering committee is currently operation. When fully afloat the association hopes to increase public awareness of the independent management industry—as well as provide a bar group of professional ethics.

Private portfolio management is difficult to evaluate. So much depends on the size of the investors portfolio and what sort of management fee he is prepared to pay. With one or two exceptions—namely among the independent managers groups—there are no records of performance kept of private client funds. But even if they were available it would not be easy to make comparisons for most individual portfolios are tailor made to suit differing financial circumstances.

As a stock market force the private investor has lost status in recent years with market becoming more and more institutionalised. Sixteen years ago private investors may have controlled some 55 per cent. of the U.K. equity market; to-day this percentage is probably under 4 per cent. But people still demand a personalised investment service, and probably always will.

Jeffrey Brown

Expansion in life assurance

IN RECENT years there has been a marked switch in U.K. investment patterns which has benefited the linked life assurance industry. To some extent people have turned away from the conventional forms of investment, like shares and unit trusts, in favour of linked life contracts.

The benefits of investing regularly through an assurance contract rather than directly are numerous and generally well known. Apart from the fact that linked assurance is a superb vehicle for investment and can still be monitored on a daily basis, there are the benefits of some life cover, admittedly not very great, and tax relief on the monthly premiums for a contract of ten or more years.

While investments in single premium bonds do not carry the same tax benefits, they do offer the public a wider spread of investments. The managed bond is a typical example, providing an investment in shares or unit trusts as well as property and fixed interest securities.

The early explosive growth of unit linked assurance at the end of the 1960s and early 1970s led to some concern in the assurance industry and the Government set up a special commission to investigate whether the public was adequately protected in this new type of contract.

When the Scott Committee reported in early 1973 it gave a clean bill of health to the unit-linked assurance industry. Since then the industry has gone from strength to strength, culminating in the flotation this month of Hambro Life, one of the most successful promoters of the concept.

The unit trust industry was quick to accept the challenge of unit-linked assurance, especially when it saw unit trust sales lagging, partly at the expense of the new industry. Many of the large unit trust groups formed their own assurance companies and promoted their own products on the market. The result has had a significant impact on unit trust sales.

In many cases the underlying equity investments for linked

products are unit trusts. And the proportion of net sales of unit trusts derived from assurance contracts has varied from a third to 60 per cent. over the past few years. In this year's first quarter, they accounted for half the net sales figure. So it is doubtful if the unit trust industry would be as healthy as it is without the linked life business.

Certainly the U.K. unit trust industry is more favourably placed than most of its foreign brethren as a result. Indeed, about a fifth of the market value of the combined assets of the unit trusts is now accounted for by unit linked contracts. Conversely, over half the 2.4m. unit linked contracts in existence in the U.K. are partly in authorised unit trusts—so the benefit is shared mutually.

In examining the rapid growth of the unit linked assurance industry, one point becomes significant. That is the extreme volatility in single premium contracts. To a large extent, sales of single premium business depends on the investment sentiment ruling at any time. Just as unit trust sales follow the stock market pattern (sales being high when the market is booming), so sales of these types of contracts are similarly affected.

The reason is that shares go higher when there is a lot of money available for investment—it is a self-generating cycle. So to, when investors have spare

money to invest, sales of single premium bonds are buoyant. But when money becomes spare, sales slump.

The pattern is less true of regular premium policies because many people are attracted by the additional protection through life cover which these policies provide, as well as the benefits of pound-cost-averaging. The general pattern was highlighted in the recent prospectus of Hambro Life which showed new business from single premiums fluctuating from £25.7m. in 1971 to £103.3m. the next year and then a rapid fall each year to £16.9m. in 1975. During those five years new annual premium business grew steadily from £1.6m. to £19.0m.

There has been a strong resurgence of single premium business in the industry this year, with first quarter sales more than half the figure for the whole of the previous year, and nearly three times the figure for the first quarter of 1975. The rise in annual premium business has not been quite as fast, about 21 times the level of a year ago.

An important feature of the development of the unit linked industry has been the diversification into various types of policies, the main category of which is pension plans. Demand for these specialist contracts has been so good that this sector of the market has not experienced the fluctuations of the rest of the industry. Growth has been steady throughout the recession in both single and annual premium contracts.

Roy Levine

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COMPANY NEWS + COMMENT

Caird (Dundee) recovery measures

IN ORDER to compete in carpet printing in times of severe competition, Caird (Dundee) has installed a limited amount of tufting capacity and is planning the installation of backing plant, enabling the company to offer finished printed carpets to the trade, says the chairman, Mr. G. M. Drummond.

Benefit of the new plant is unlikely to be felt to any major extent during the current year, and the company must be prepared to face up to a very difficult time during which it is reducing stocks and increasing exports.

He reports, however, that there are signs of an improvement in demand for space dyed yarn which should make a contribution to overhead expenses.

Demand for printed carpet during the first three months of the current year has been disappointing, but there are signs of an export led recovery, the chairman adds.

The uncertain short-term outlook prevents the directors from recommending a dividend for the year to March 31, 1976. As reported July 14 group pre-tax profit contracted sharply from £538,115 to £114,600.

Stocks amounted to £124m. at end-March, against £10.5m. a year earlier, short-term deposit was eliminated (£10.5m.), and the overdraft was up from £63,461 to £107,827.

The accounts carry an auditor's qualification regarding full recovery of a debt of £102,567.

Meeting, Dundee, August 24, at noon.

comment

The current textiles recession responsible for Caird (Dundee)'s 1975-76 profits collapse—the pre-tax level fell by almost 80 per cent.—has made an impact on the group's balance sheet. Stocks have finished the year almost 120 per cent. higher and average stockturn slipped from 9.8 times to 7. Short-term liquidity has deteriorated, with net borrowings in March 1976 representing 45 per cent. of shareholders' funds. The textile industry is showing tentative signs of becoming more active as the industry's customers end their de-stocking phase, but overall U.K. production in the January-March 1976 period fell 3 per cent. less than in the corresponding period of 1975, and about 11 per cent. less than in April 1974. At 23p, where the group is capitalised at £615,000, the shares are understandably taking nothing for granted.

Western Provident growth

The annual report for 1975 of Western Provident Association, a leading U.K. medical insurance agency, reveals an operating profit of £25,000 on its private treatment scheme and £25,000 on its health service scheme compared with surpluses of £33,000 and £15,000 respectively for the previous year.

Subscription income on the combined funds rose £1m. for the first time, rising to £1,040m. from £940m. in 1974. Claim payment totalled £835,000—80 per cent. of subscriptions—against £720,000 previously.

Sir John Partridge, chairman of WPA, stated that this growth was

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Jacksons Bourne End confident

ACCRETIONS to income and relief from costs are expected to add to profit of Jacksons Bourne End in the current year, which have increased during recent weeks, says the chairman, Mr. T. D. Walker. Better results are therefore expected this year.

As known pre-tax profit decreased from £157,000 in £38,000 on a turnover of £244m. (£23.1m.) in the year to April 3, 1976—a period of transition during which more were made for future benefit against a current background of difficult trading. Sales were maintained in value but decreased in volume.

The business of EAC Shoe Components was acquired and after absorbing the expense of integration during the year it is expected to contribute to the shoe components activity in the future.

Progress was made in the modernisation and redevelopment of assets. Manufacturing activities and administration have been concentrated with the release of a substantial proportion of the industrial premises for alternative uses, part of which have been let to a commercial tenant.

A programme of plant improvement has been substantially completed and the company is now equipped to manufacture all grades of fibreboard at an economic cost.

Chairman's statement Page 19

Bain Dawes formation

The Bain Dawes insurance broking group has formed a new company called Bain Dawes (Construction Insurance Brokers) in recognition of the group's extensive involvement in the construction industry.

The new organisation will provide cover for all types of risk met on major construction sites and civil, mechanical and electrical engineering projects throughout the world.

Cheshire and Northwich Bldg.

Assets of the Cheshire and Northwich Building Society increased by almost 9 per cent. in the first half of 1976, from £48,420m. to £52,021m. Total of share and deficit balances at June 30 was £36,544m. against £46,577m. a year earlier. Mortgage advances rose from £5.5m. to £7.04m.

Investment surplus during the first half was £2.75m. (£2.75m.) arising from shares and deficit

£0.4m. by Vickers da Costa

FOR THE year to April 24, 1976, Vickers da Costa and Co. reports profits of £113,000 before tax and minorities. Net assets are £3,333m. after deduction of the remaining subordinated loans.

A change in the year-end to August 31 is proposed and this will alter substantially, both the figures now reported, the directors state.

Net assets will be increased by the surplus on the realisation of the interest in Wardley Vickers and profits will be reduced by operating losses sustained during the summer.

The change in year-end date follows the sale of the 40 per cent. interest in Wardley Vickers to Wardley in May. The directors decided to extend the 1975-76 accounting period to cover this disposal.

Meakers downturn to £0.25m.

On a turnover of £494m. against £438m. profit of outfitters, Meakers, decreased from £384,400 to £248,181 in the year to January 1, 1976, subject to tax of £142,097 (£206,224).

A final dividend of 10p on the privately owned capital reduces the total from 18.3p to 15.3p per £1 share.

The chairman, Mr. C. H. Barnes, says the economic recession affected the men's wear trade rather more than other retail trades and to date sales are not up to expectations.

Optimism at Butterfield Harvey

IN HIS annual statement, the chairman of Butterfield-Harvey, Mr. S. A. Roberts, says that trading performance during 1975/76 was encouraging and, if the more stable operating conditions of the second half continue, there are good prospects for the current year.

Although inflation is now falling and there are signs of an improvement in trade nationally, the group is still sensitive to political and economic influences which can render precarious the operation of any company, Mr. Roberts tells members. The group's diversity, however, "provides a considerable source of strength," he adds.

As reported on July 22, pre-tax profits rose from £15m. to £17.8m. for the year to April 3, 1976, on turnover of £39,040m. (£21,260m.). The dividend is 1.9p (1.75p) net.

Great vigilance over the control of finances continued to be exercised throughout the year, and the group's trading was not unduly affected by the reduced overdraft facilities in spite of the need to finance the 25 per cent. increase in value of turnover, reports the chairman.

Harcopter operated under difficult market conditions and only produced a small profit. The demand for containers and dunnage in particular was low, with the latter reflecting customer resistance to higher prices. Towards the end of the year, however, the market improved considerably.

The West Midlands Companies faced difficult trading conditions but each produced a reasonable profit in the circumstances. Trading in all Midlands companies is still difficult but there are now some signs of improvement, states the chairman.

Operating difficulties were experienced in the Greenwicks factories and results were more depressed. The Office Furniture Company returned a reduced profit which resulted from a low level of demand and depleted margins. A sharp fall in Government purchasing was adversely affecting this company in the current year and prompt steps are being taken to protect the profit position.

Although the management is making further changes to maintain the viability of the businesses at Greenwicks, Mr. Roberts maintains that the ultimate solution must depend upon a re-generation of the area by the establishment of an attractive environment such as that envisaged by the recent London Dockland Consultative Survey.

Meeting, Connaught Rooms, W.C., on August 23, at noon.

TOWN & CITY

Town and City Properties' proposals to extend the borrowing powers have been passed by shareholders and loan stock holders.

of £12.40m. (£9.83m.), less with-drawals £3.7m. (£5.07m.). Reserves at £2.54m. represented 4.22 per cent. of assets. Liquidity improved from £10.02m. to £11.86m., equal to 19.70 per cent. of assets.

Turner Curzon progress

TURNOVER for the nine months to March 31, 1976, of Turner Curzon amounted to £48,650m. and pre-tax profit was £563,285. The company is the vehicle for the merger of Curzon Industrial Investments and Ben Turner and Son (Holdings).

The chairman, Mr. J. Wakeham, states that all divisions are trading well and he anticipates that subject to no unforeseen circumstances, and in spite of the current economic difficulties there will be an increase in profits during the current year.

Profit for the nine months is after interest of £129,333. Tax absorbs £300,390, and there is attributable £232,895 after extraordinary credits £39,888.

A second interim of 0.305p makes a total of 0.5094p for the period.

The first nine months operating profit of £62,581, compares with £240,000 for the first six months of trading. This significant increase in operating profit is in part due to the beneficial results of the recent merger and in part due to special factors in the distribution division resulting in the pattern of business, says Mr. Wakeham.

The new group has substantially completed the process of rationalisation following the merger, during which the property division has been closed down and its motor interests substantially reduced. It now has three strong trading divisions: Forest Products, which accounted for £39.6m. of the turnover—distribution of capital equipment and manufacturing.

comment

Turner Curzon's results suggest more or less maintained profits, although comparisons are difficult because of the nine-month period and because of last year's merger with Ben Turner.

After development expenditure £57,134 (£43,000) and tax credit £1,020 (£4,870) the year's group net profit attributed to the holding company was £27,021, against a loss of £25,255.

comment

Associated British Engineering is not yet out of the wood. A turnaround to profit has been achieved, but the earnings are only 2 per cent. of shareholders' funds and were made almost entirely in the first half. Nevertheless, the bankers have stated that the company—the overdraft rose from £0.7m. in 1973 to £1.2m. in 1975. Hopes for the future are

directed towards the newly-developed gearbox which will become available in 1977, but now is a difficult time to sell anything to shipowners. At 51p, the ordinary shares are capitalised at £280,000.

comment

James Scott outlook

THERE ARE signs that the world trade recovery is now more strongly based and there are indications that the effect of this recovery can be expected to spread to the U.K. states the chairman of James Scott Engineering, Mr. R. F. Lockhead.

The building industry—apart from being sensitive to cuts in public expenditure—traditionally lags behind in similar recovery situations, he points out and the group is looking to the process of industries and overseas markets for its immediate prospects.

The pattern of work obtained by the contracting companies is broadly similar to last year, members are told: major units are well placed with orders running into 1977. Activity on a satisfactory scale continues on North Sea oil platforms and in related undertakings. Some units, dependent on local conditions in certain areas, are short of work and, where necessary, these have been merged with larger units pending improvement in conditions in their operational areas.

As reported on July 10, pre-tax profits rose from an adjusted £0.34m. to £0.44m. in the year to January 31, 1976, on turnover of £22.9m. (£28m.).

The engineering services division had a successful year and improved on budgeted expectations.

The southern company of the mechanical services division performed well in a realistic budget. The northern company however suffered from a shortage of work, failure of a sub-contractor, and from the continued adverse at noon.



Mr. Ronald Aitken, chairman of Barker & Dobson.

DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corr. of payment	Total of year	Total last year
Killinghall Tm	25(s)	Oct. 1	—	—	50
Turner Curzon Ind. Int.	0.31	Oct. 3	—	—	11.5
Western Canada Inv.	10	Oct. 3	8.5	13	0.5
R. Smallshaw	int. nil	—	—	—	—

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross. (b) For nine months.

Assoc. Brit. Engineering improves

Turnover for the year to March 31, 1976, of Associated British Engineering increased from £22.4m. to £31.7m., and trading profit advanced from £12,886 to £53,125 after £42,538 (£9,139) at mid-way.

After development expenditure £57,134 (£43,000) and tax credit £1,020 (£4,870) the year's group net profit attributed to the holding company was £27,021, against a loss of £25,255.

comment

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Barker and Dobson accounts qualified

BY MICHAEL LAFFERTY

THE 1976 accounts of Barker and Dobson, the loss-making confectionery and grocery retail chain, have been qualified severely by auditors Pannell Fitzpatrick and Co. who declared that they are unable to express an opinion on the company's state of affairs at March 27, 1976 or on the loss for the year.

Of the £5.5m. of net assets shown in the balance sheet at March 1976, Pannell Fitzpatrick are of the opinion that the value of goodwill, which is stated at £4.2m., "cannot be substantiated by reference to trading results and is dependent on the value attributable to the confectionery division's trading names, which value we are unable to determine."

The auditors also point out that the accounts have been prepared on a going concern basis. This assumes that loan stockholders will regularise the company's breach of its loan stock covenants that its bank credit facilities will prove adequate and be renewed in December, and that the closure of the group's Oakeshott's retail outlets will result in the remaining 43 shops achieving an adequate level of profitability in the short term.

In the year to March 1976 the company incurred a loss after extraordinary items of £3.4m., compared with £3.3m. in the previous year. Sales were down from over £77m. to £45m. in the same period, reflecting the disposal of the Budgets (Cash and Carry) business in February 1975.

The new chairman, Mr. R. W. Aitken, is also a senior partner in chartered accountants Binder Hamlyn, says in his statement that "it is from within the confectionery division that for the future will emerge," but he does not expect a return to worthwhile profitability in this division until 1977-78.

The year-end balance sheet clearly shows the effect that continued heavy losses have had on the group's resources and working capital, says the chairman.

At March 27, net current liabilities were £950,000 against £835,000 net current assets a year earlier. Net tangible assets are shown in £7.2m. to £4.8m.

As known the programme of disposals and rationalisation resulted in a breach of the Trust Deed constituting the 101 per cent. Unsecured Loan Stock 1962-5. Unless stockholders consent to the disposals, the stock may be declared repayable at 25 days notice but, in these circumstances, the resultant diminution in value of the group's trading interest might be such that the stockholders, being unsecured creditors of the parent company, could be repaid in full.

Proposals to be put at 1 annual meeting involve an increase in the interest rate payable to 12 per cent. per annum and annual redemptions by drawing at the rate of not less than £200,000 per annum starting September 25, 1977.

The additional cost to the company is £19,748 per annum. At the same time proposals are being submitted to the holders of the 61 per cent. Unsecured Loan Stock 1960-65 which involve an increase in the borrowing limit and an increase in the interest rate payable to 7 1/2 per cent. per annum. The additional cost to the company is £3,978 per annum.

In the light of the poor trading results it is also proposed that the articles be amended so that total borrowings are limited to twice the share capital at reserves after excluding intangible assets from the balance sheet, if assets to £8m.

The accounts also show a £50 compensation for loss of executive employment. Meeting, Fire Eastern Hotel, E.C., August 25, 10.30 a.m.

See Lex

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HAMPTON GOLD MINING AREAS LIMITED

Extracts from Chairman's Statement

* This has been a significant year for the Company. Exploration activity has been high but costs have been met in part from mining income.

* North Sea well 211/22-1 is due to start in early August 1976.

* Further investments in the development of natural resources in both the United Kingdom and Australia are under consideration.

* We look forward to an increasing royalty income as world economic recovery gains strength and the price of nickel rises.

* A dividend of 1.3p has been declared and is the maximum permissible.

Copies of the Report and Accounts are available from The Secretary, Hampton Gold Mining Areas Limited, 79 Lombard Street, London, EC3V 9AJ.

ATLANTIC INTERNATIONAL BANK LIMITED

Financial Highlights As At 30th June 1976:

Total Assets £93,715,623
Loans & Advances £58,614,222
Pre-tax Profits £ 546,856
Shareholders' Funds £ 6,879,099

Extracts from the Chairman and Managing Director's Statement:

● Pre-tax profits up by 138%: total assets have increased from £69.3m to £93.7m.

● While specialising in arranging loans to Central and South America, the loan portfolio is well diversified internationally. Atlantic now have loans extended to 28 countries located in all major continents.

● With financial markets now stabilised and industrial activity expanding, Atlantic view with confidence the continuing development of their international banking operations.

COPIES OF THE REPORT AND ACCOUNTS MAY BE OBTAINED FROM THE SECRETARY, RONALD WATT, Atlantic International Bank Limited, 65-66, Queen St., London EC4R 1EH. Tel: 01-248 9001.

Montague L Meyer Limited

Points from the Chairman's Statement for 1975/76

1. The Rights Issue in February proved very successful producing £7.1 million and the Consolidated Balance Sheet shows how this, together with prudent trading and investment has strengthened our position.

2. The net profit before taxation and before taking into account Associates has increased from £6.8 million to £9.1 million.

3. Our three main divisions have done well. Wholesaling showed increased profits. Overall the results from the merchant companies were fairly steady. Our manufacturing companies have improved their results considerably.

4. Two of our Associated Companies showed net losses but the remainder made profits. Mac-Millan Bloedel Meyer Ltd has

recovered from its loss situation by making healthy profits in the first six months of the present year from 1st January and the Hallam Group of Nottingham which is 50% owned in conjunction with May & Hassell Ltd is the subject of a redevelopment programme designed to achieve a turn round in 1977.

5. We are a widely dispersed organisation which needs first class management and this we have. They in turn need first class work people and this they have. The opportunities for all in this expanding business are considerable.

6. Turnover and profits for the first three months of the current year are most encouraging and internal forecasts show a continuing increase.

SUMMARY OF RESULTS FOR YEAR ENDING MARCH 31, 1976

	1976	1975
Turnover	£165,000,000	£135,000,000
Group Profit before Taxation	£8,182,000	£7,019,000
Retained Profit plus Depreciation	£4,136,000	£4,021,000
Ordinary Shareholders Funds	£44,002,000	£34,779,000
Earnings per Ordinary Share	9.0p	7.1p
Dividend per Ordinary Share	3.75p	1.9p

Montague L Meyer Limited
Villiers House, 41-47 Strand, London WC2N 5JG
Telephone: 01-839 7766

01-839 7766

RECENT ISSUES

EQUITIES

Stock	1978	1977
Automotive Sec. 100	100	100
Berry Pacific P.A. 100	100	100
British Overseas Airways 100	100	100
British Telecom 100	100	100
British Waterways 100	100	100
British Airways 100	100	100
British Airways 100	100	100
British Airways 100	100	100
British Airways 100	100	100
British Airways 100	100	100

FIXED INTEREST STOCKS

Stock	1978	1977
100	100	100
100	100	100
100	100	100
100	100	100
100	100	100
100	100	100
100	100	100
100	100	100
100	100	100
100	100	100

"RIGHTS" OFFERS

Stock	1978	1977
100	100	100
100	100	100
100	100	100
100	100	100
100	100	100
100	100	100
100	100	100
100	100	100
100	100	100
100	100	100

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COUNTRY AND NEW TOWN PROPERTIES LTD

Property Holdings and Investment Company

The Annual General Meeting was held on 3 August in London, Mr. Gerald Newton, the Chairman, presiding.

SALIENT FEATURES FROM THE ACCOUNTS

	1977/78	1976/77
Freehold and Leasehold Properties etc.	£37,505,416	£24,652,228
Capital Reserves	6,001,006	8,136,441
Group Profit before Interest and Taxation	2,752,261	2,519,244
Group Profit before Taxation	516,384	669,375
Group Profit after Taxation	363,808	312,803
Ordinary Dividend	132,646	132,583

(a): included an exceptional profit of £148,332.

Points from the Chairman's Statement:

The Group profit shows a small decrease over last year. The Group's rental income showed an increase of £400,000 over 1976. The current Group rental income is now running at a level of £2,040,000, the overseas subsidiaries are contributing 75 per cent. Since the year-end and disposal of £700,000 in the United Kingdom have been completed. We have dealt with a substantial portion of the Deferred Revenue Expenditure leaving a balance which now relates to Canada and the Strand. Our domestic portfolio continues to provide a trouble-free and improving revenue. A majority in the Strand area remains undisturbed and reasonable rental increases are being achieved. It is our intention during 1978 to restructure this portfolio of properties. A consideration will be given to the financial structure of our overseas companies where cash resources are generally strong. We have received a planning permission in Vancouver for 30-storey joint development of 245,000 sq. ft. lettable space. Our investment in Commonwealth Realty Trust in the United States continues to prosper and this has encouraged us to take up a further 50,000 shares at a beneficial price. Our strength and potential lie in our overseas subsidiaries which are well placed and account for over 50 per cent of our property portfolio, and for this reason I hope to be able to report favourably on the current year.

Copies of the Annual Report and Accounts can be obtained on request from: The Secretary, 6711 Agar Street, London, E20 4EN.

STEAD & SIMPSON LIMITED

FOOTWEAR RETAILERS AND MOTOR TRADERS

Turnover again a record: profit maintained despite lower margins

The following points are from the Report and Accounts and Statement of the Chairman, Mr. Harry E. G. Gee, for the year to 31st March, 1976.

	1975-6	1974-5
Turnover	£15,262,537	£12,587,580
Gross profit	1,336,543	1,358,536
Gross profit after taxation	625,287	625,564
Ordinary Dividend	475,506	59,368
Dividend	2,280,000	2,095,880
Dividend per share	2.91p	2.91p

Dividend on sale of properties.

Turnover in the footwear shops was again a record, with an increase of 18%, but profit margins were lower. Costs continued to escalate. Profit was also affected by the financing of the new arehouse and offices at Syston.

Following the move to Syston certain advantages, particularly a more efficient service to our retail branches, are now showing themselves. Amongst other things we are paying great attention to quality control, our object being to discover and eliminate any possible faults in merchandise before we purchase.

During the year we closed two branches but opened new ones at Ashford, Birkenhead, Chatham, Glenrothes, Manchester and Mold and reopened rebuilt premises at Diss and Exeter. Plans are in hand to open a further seven branches this year.

In spite of difficulties our motor traders had a successful year and trading in the current year is satisfactory.

Confidence at G. Bassett

THE FUTURE of confectionery makers Geo. Bassett Holdings is viewed with measured confidence, says the chairman, Mr. D. Gordon Johnson in his annual report.

The group has ample opportunities for continued growth and it is intended to continue steady expansion while at the same time seeking out opportunities for diversification.

At March 31, 1978, projects for capital expenditure amounted to some £1.8m. (£884,000 in 1977) of which £780,000 (£280,000) was contracted.

Since the financial year-end, the group has acquired wholesale businesses in Dundee and Southampton on the east coast of Scotland with a view to expanding its presence in the Outer Hebrides.

The group has also acquired a suitable confectionery, tobacco and newsagents shops. If this experiment proves successful, it is intended to extend the investment in this field, says the chairman.

Profit before tax for 1975-76 rose from £1.6m. to a record £2.4m. on sales of £94m. against £82.5m.

The group's sales company in Holland, Atlas Sales BV of Breda is now handling the sales of De Faam products as well as group products imported into Holland from the same time the De Faam factory has been more closely integrated with the group's three factories in this country, undertaking the production of lines for the U.K. market.

Meeting, Owerlton, Sheffield, August 24, at 3 p.m.

Promising outlook at Polly Peck

The chairman of Polly Peck (Holdings), Mr. R. Zelker, says it is hoped that an upturn in home trading can be reasonably expected and with the group's increasing export potential, he anticipates that net profits will continue to be satisfactory.

For the year ended March 19, 1978, the group reported net profits of £134,000 against £128,000, before extraordinary credits of £258,000 (£228,000) mainly reflecting losses in the property division.

The chairman says that it is difficult to anticipate the profit ability of the fashion division for the future in the prevailing economic climate.

However, the company will continue to pursue its policy of expansion in the domestic market and export turnover to take great advantage of the increased opportunities offered in overseas markets.

Belgrave holders seek change in managers

By Christopher Hill

An extraordinary general meeting is to be held by the investors in Belgrave Assets to consider a resolution to elect holders (representing 15.3 per cent of the votes) to the effect that the Board should terminate the investment management contract between the company and the company and that new investment managers be engaged. The meeting is on August 17 at 11.30 a.m. at the Great Western Royal Hotel, Praed Street, W.

This latest move by dissident shareholders follows the unsuccessful attempt last month to unseat the trust. The Board's view is that the results of the £1m. trust since re-listing in March 1973, do not justify termination of the manager's agreement. Accordingly, the directors intend to vote against the resolution in respect of 23.17 per cent of the equity.

The lead by the opposition is coming from Mr. Mark Stewart, a private shareholder, who has circulated all transfer shareholders in the company.

Standard Life pensions growth

By Eric Short

The annual report and accounts of Standard Life Pensions Funds for the year to May 11, 1978 shows that total funds under management increased by £30m. to £1.2m. and the number of clients by 8 to 50. The most successful of the funds was the Pooled Mixed Fund, which invests in fixed-interest and equities, both in the U.K. and overseas. The aggregate value of this fund rose by £28m. to £38.5m. with a unit price rise of 23 per cent during the year. The portfolio is at present invested 41 per cent in fixed interest, 40 per cent in U.K. and 19 per cent overseas equities.

The Pooled Property Fund, which invests in property, has been in existence for 18 months, had reached a total value of £11.2m. with a unit price rise of 28 per cent. Since inception some 23 properties have been purchased for an outlay of just under £8m. and a further £3m. is committed. The company has made acquisitions only where the growth expectations were realistically valued and the portfolio is split 26 per cent shops, 44 per cent offices and 30 per cent industrial. No properties have been purchased by the parent company and the managers state that it is not the intention that such sales should take place in the future.

The Pooled Equity Fund increased to £3.1m. from £2.8m. during the year, the unit price gaining 20 per cent, while the Pooled Fixed Interest Fund dropped to £2.6m. from £2.8m. mainly because two clients transferred large sums to the mixed and property funds.

Meyer set for expansion

TURNOVER AND profits of our partners and ourselves are hopeful that the programme redevelopment will prove itself and that in the year 1977 a turn round will be achieved.

Meeting, Charing Cross Hotel, W.C., September 2, noon.

Chairman's statement Page 18

Bremar profit tops £1m.

INTERNATIONAL and domestic banking group, Bremar Holdings reports record pre-tax profits of £1.1m. in the year ended March 31, 1978, against £830,602 previously.

Shareholders' funds increased from £2.21m. to £4.02m. and earnings per £1 share are up from 53p to 82p.

The chairman, Mr. E. Brecher, says the year was one of continuing international expansion in all departments, with an increasingly important contribution from corporate services. A promising start has been made to the current year.

The consolidated balance sheet shows current and deposit accounts of £4.02m. (£2.21m.), cash, £8.07m. (£3.82m.), loans and advances, £5.07m. (£19.97m.) and certificates of deposit, etc., £1.13m. (£37,078).

The company is close.

1977-78 1976-77

Turnover	£1,100,571	£1,274,723
Profit before tax	£1,100,571	£830,602
Tax	£27,514	£20,221
Extraordinary credit	£2,382	£0
Retained	£1,073,439	£810,381
Non-banking	£1,073,439	£810,381

Western Canada Inv.

Western Canada Investment Company limited its gross revenue from £111,057 to £123,831 for the year to June 30, 1978, but revenue available for distribution is slightly lower at £57,671 compared with £57,875.

Earnings per 25p share are up from an adjusted 13.4p to 13.7p and the dividend is raised from 11.5p to 15p with a final 10p. The net asset value per share with prior charges at par is 61.4p (51.0p) and with prior charges at market value 63.3p (53.5p).

JACKSONS BOURNE END LIMITED

RESULTS

	1976	1975
Sales	£700	£700
Trading profit	3,440	3,307
Trading profit after tax	39	157
Extraordinary income after tax	18	71
	26	3

CHAIRMAN'S STATEMENT

Extracts from the statement by the Chairman, Mr. T. D. Walker, M.B.E., F.C.A.

★ The year 1975/76 has been for the company a period of transition during which a number of moves have been made for its future benefit against, however, a current backround of difficult trading conditions. Group sales were maintained in value terms but they decreased in volume compared with the previous year.

★ Trading profit decreased resulting from an exceptionally low level of demand and the difficulty of obtaining increases in selling prices justified by rising costs.

★ Extraordinary income arose on the sale of property for £82,000 before tax, against which there was written off £31,000 for goodwill purchased during the year in respect of the shoe component business.

★ The Company acquired the business of E.A.C. Shoe Components Ltd. and after absorbing the expense of integration during the year it is expected to contribute to the shoe components activity in the future.

★ Progress has been made in the modernisation and redevelopment of the company's assets. The manufacturing activities and administration have been concentrated with the release of a substantial proportion of the industrial premises for alternative uses, part of which have been let to a commercial tenant. A programme of plant improvement has been substantially completed and the company is now equipped to manufacture all grades of fibreboard at an economic cost.

★ The accretions to income and relief from costs indicated above are expected to add to profit in the current year and sales have increased during recent weeks. In these circumstances better results are expected this year but a clearer indication will be given in the interim statement towards the end of 1976.

Our success - by choice and not by chance.

Climbing is tougher near the top of the mountain than on the lower slopes.

Creditanstalt-Bankverein (CA) is Austria's leading bank. To keep this position, we have to work a lot harder than our smaller competitors.

Our clients have honored these efforts: the favourable business development of CA and its Banking Group continued in 1975.

14 % market share of loans to non-bank customers.

The CA Banking Group lent one out of every seven schillings of loans granted to Austrian non-bank customers.

Total loan volume (domestic and international) increased to 65,000 million schillings.

Austria's largest commercial bank

is also its second largest thrift institution.

Few big banks have achieved such a strong position in the savings sector as the CA Banking Group. A 20 % increase in savings deposits in 1975 strengthened the position of the CA Banking Group even further.

At the end of 1975, 11 % of total customers deposits in Austria had been placed with us.

Over 13 % of total assets of all Austrian credit institutions.

A share of this size for just one banking group - after all, there are close to eighteen hundred credit institutions in Austria - is unusual.

It certainly takes above-average placing power to put away some AS 5,720 million of bonds or 26 % of the total volume of the domestic bond market in 1975.

Of the more than 100 companies in Austria with a turnover in excess of AS 1,000 million, 90 % are our customers.

Strong domestically - strong internationally.

The Bank's strength is even more visible in its international business, which takes up one third of its balance sheet.

Financings for Austria's foreign trade were provided as to more than 30 % by us.

The volume of medium-term Eurocredits managed by us in 1975 put CA on the ninth place among all banks active in this field. For Austrian clients we arranged financings in the international markets amounting to approximately US \$ 1,100 million in 1975. CA also participated as co-manager and underwriter in 170 Euro-issues.

CA services around the world.

As a member of European Banks International - the EBIC-Group - we can offer our clients CA services almost anywhere in the world.

CA was the first bank in the OECD area to open, in 1975, a representative office in Budapest.

Our business links extend East and West, to oil-exporting nations as well as developing countries.

Success expressed in figures.

Of its net profit after taxes, the CA Banking Group paid AS 215 million in dividends to its shareholders and transferred AS 532 million to reserves.

Balance sheet 1975 of CA Banking Group

	AS millions	%
Deposits	101,166	+ 30 %
Loans	64,720	+ 11 %
Due from banks	19,591	+ 37 %
Securities	17,828	+ 46 %
Capital and reserves	5,487	+ 11 %
Balance sheet total	110,299	+ 20 %

CA Banking Group

CREDITANSTALT-BANKVEREIN, Vienna
BANK FÜR OBERÖSTERREICH UND SALZBURG, Linz
BANK FÜR KÄRNTEN AKTIENGESELLSCHAFT, Klagenfurt
BANK FÜR TIROL UND VORARLBERG AKTIENGESELLSCHAFT, Innsbruck
AVA AUTOMOBIL- UND WARENKREDIT-BANK GESELLSCHAFT M.B.H., Vienna

CA representation internationally

EUROPEAN-AMERICAN BANK & TRUST COMPANY, New York
EUROPEAN-AMERICAN BANKING CORPORATION, New York, Los Angeles, San Francisco
BANQUE EUROPEENNE DE CREDIT (BEC), Brussels
EUROPEAN BANKING COMPANY LIMITED, London, Chicago
EUROPÄISCHE ASIATISCHE BANK A.G., Hamburg, Hong Kong, Jakarta, Kanachi, Kuala Lumpur, Manila, Singapore
EUROPEAN ARAB BANK (BRUSSELS) S.A., Brussels
EUROPÄISCHE-ARABISCHE BANK G.M.B.H., Frankfurt

CREDITANSTALT - BANKVEREIN

Member of EBIC - European Banks International
Telephone (0222) 66 22 0 - Telex 74793

A net deficit of \$332,216,000 for the first half of this year compared with \$690,000 for the same period of 1975, reported by IOL. The deficit is currently being taken over by the Government of Australia. Offer of 3 CBA shares for shares in IOL, closes on August 10.

S. African mine crisis

SOUTH AFRICA'S mining industry should know by now whether it faces a strike on a gold and coal mines over a five-day working week dispute, reports our Johannesburg correspondent.

It is thought, however, that a threatened strike will be called off on return for a definite five-day commitment on the part of the Chamber of Mines to implement a five-day week.

Now that cold weather is setting in, the five-day week would have to be staggered with the coldest, can raise a put roughly by 20 per cent, in order to have stocks on the shelves over the week-end. This will mean opening up new mining expenditure on its share to hold a load of coal.

On the gold mines, the use of more costly with implementation of proposals to allow shafts to be closed, and to enter a hibernation period, will mean the loss of some of the marginal gold mines, which will mean the loss of some of the marginal gold mines, which will mean the loss of some of the marginal gold mines.

One of the industry's main worries is that a five-day week would mean that the 250,000 Black workers would have days of leisure in their communities and the risk of disturbance would probably be greater. At the same time, threatened loss of some of the marginal gold mines, which will mean the loss of some of the marginal gold mines.

White unemployment. The Windward nickel venture in Western Australia in which Poseidon and Western Mining have a joint interest, reports that a total of 229,215 tonnes of ore were treated in the June quarter for a yield of 23,317 tonnes of concentrates. This compares with 228,225 tonnes for 22,660 tonnes for the same period a year ago.

At the South Australian Burra copper operation, 28,183 (49,552) tonnes of ore were treated for a yield of 440 (618) tonnes of concentrate. Poseidon says that design work on the Naharike uranium project for Queensland Mines in the Northern Territory, for which the company has appointed managers in January of this year, proceeded but no further details were given.

Poseidon was 243p and Western Mining 188p yesterday.

Northwood Alloys achieved excellent figures in a difficult year for the manufacturing sector. S. W. Wood Group has started current year on a "high note" which gives ground for continued confidence, says the chairman, A. N. Nelson.

If the present rate is sustained, the group's growth in 1976, decreased from 50.8m in 1975, a turnover down from £12.2m (£14.9m).

Exports increased from £13.5 to £19.8m, although in the last two months foreign enquiries tended to hold off in the face of the decline in sterling.

Meeting, Winchester, Hon. E.C., August 25 at noon.

BIDS AND DEALS

Assoc. Newspapers £2½m. for John M. Newton

ASSOCIATED NEWSPAPERS, which owns the Daily Mail and London's Evening News, is making an agreed £2½m. bid for builders and glass merchants, John M. Newton. The terms are 60p cash for the Ordinary and 30p cash for the Preference shares. The company already has the backing of more than 61 per cent of the capital.

Newton disclosed that a bid approach had been received last month but refused to give the identity of the bidder.

The accounts of Newton for the year ended last March should show profits of "not less than £500,000". This compares with just over £300,000 for the previous year.

Associated Newspapers said yesterday that the bid for Newton was in line with the group's general policy of diversifying into small and medium-sized businesses.

BEYER PEACOCK
In a letter accompanying the formal offer documents for Beyer Peacock by the Saudi Arabian National Chemical Industries, chairman Sheikh Mohamed Y. Al-Fadhli told Beyer shareholders that A.S.I. 50p offer "more than fully values Beyer Peacock as an independent company based upon its past record and its present potential."

He draws attention to the average market price of £1.10 obtained in the 12 months between A.S.I. started to purchase in the market and the past profits record of Beyer—the improvement indicated for the past financial year to March he claims is due to contracts placed with Beyer's subsidiary Space Decks, in the final month of the year. He also points to the low level of income in recent years.

He reminds shareholders of the chairman's statement in February that the likely level of maintenance of Beyer is dependent upon a return to profitability at Space Decks which in turn "relies to a considerable extent upon the continued support of NCI."

Last night the Board of Beyer and its advisers, Barclays Merchant Bank, said they would be announcing improved profits and a detailed dividend offer, which closes on August 24, next week.

Morgan Grenfell and Company is advising NCI.

See Men and Matters, Page 12.

MAM BU'S FIRST TRANCHE OF KINGSMED
Management Agency and Madsen has agreed to purchase a further 10 per cent of the capital of Kingsmed Hotels of which it

already owns 70 per cent. Consideration will be £20,000 to be satisfied by the issue of 30,000 MAM Ordinary shares.

MAM acquired its original holding in Kingsmed in July, 1975 and undertook to purchase the outstanding 30 per cent in three tranches of 10 per cent each in August, 1977, 1978, and 1979.

The vendors of Kingsmed, Mr. Michael Brady and Mr. Peter Huzariz, have remained directors and have been responsible for the past 20 months, formed the management of MAM Inn Play.

They have during that time substantially achieved its reorganisation and recovery, and by way of encouragement the Board of MAM decided to bring forward by 10 per cent the purchase of the first 10 per cent tranche of Kingsmed.

The consideration is not currently justified under the original agreement, but this will be taken into account in arriving at the price to be paid for both the penultimate and final tranches of Kingsmed when they are acquired. Total consideration will, therefore, be based on the original purchase formula.

EMI-COLUMBIA DEAL SIGNED
Columbia Pictures Industries of the U.S. and EMI have signed the agreement for the sale of Columbia's music publishing division, and the related music picture financing agreement involving EMI's substantial investment in four of Columbia's upcoming theatrical feature film releases.

Consumption of the transactions is subject to the approval of Columbia's banking institutions. The closing of the transaction is expected in the next few weeks.

ISLE OF MAN ASSOCIATED
Mr. A. Fairley has disposed of all his stock in the Isle of Man Associated, a company which was acquired by Norcross in 1974, made pre-tax profits of £1.7m, in the year to March 1976. This compares with the previous year's profits of £2m, but was cancelled by an extraordinary loss of the same amount. Turnover for 1976 was £47m.

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SUN LIFE-ARTAGEN
Sun Life Assurance Society advised that on July 27 it had an interest in £42.3m. Artagen Properties shares.

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Conversations are proceeding and until the results of the negotiations are known the Board will defer action upon the issue of the new convertible loan stock in respect of which the shareholders have recently approved an increase of the authorised share capital.

GIEVES GROUP SALE
The Gieves Group has sold its leasehold interest in No. 27 Old Bond Street, W. to Guelco for £250,000. The value of the asset sold was £22,000 and Gieves estimate that after tax and all expenses there will be a capital profit of some £300,000.

The sale results directly from the move of the tailoring business previously carried on at 27, Old Bond Street to 1 Savile Row.

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Rediffusion (Yorkshire) has agreed to acquire the radio and television rental and retailing business carried on by J. Maurice Riley, at Bingley, Yorkshire.

Purchase includes approximately 1,000 television set rental contracts.

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MINING NEWS

America's Amax seeing scope Down-Under

BY KENNETH MARSTON, MINING EDITOR

REFRESHINGLY frank comments on the mining scene which could provide food for thought, at least, come from the Scottish-born Mr. Ian MacGregor, chairman and chief executive of the U.S. Amax mining giant.

Our Perth, Western Australia, correspondent, Don Lipscombe, reports that Mr. MacGregor has told an audience there that "Western Australia is very much superior to any other investment area and clearly ahead of Australia as a whole."

He added that Amax considered that Australia was going through

Gregor added, to moving steaming coal from Australia's east coast to California cheaper than the energy equivalent of crude oil imports. This was to be the basis for further study. "In Queensland and New South Wales we feel there are very real opportunities beginning to come into focus."

Among Amax's existing and planned projects in Western Australia, he said of the Mitchell Plateau bauxite-alumina project in the far north (a total resource of 100 million tonnes of bauxite and 10 million tonnes of alumina), "We had to put this on ice when the aluminium industry fell out of bed, but a turnaround was expected before the end of the year and next year planning for the long-term future would resume."

Of Golden Grove, where E.Z. Industries is the operator, "In the early days E.Z. were keen to go ahead very fast. This is more complex than we thought, with a lot of shoots. More expensive drilling is needed. He denied his equity in this copper-nickel prospect 240 miles north-north-east of Perth."

Mr. MacGregor said of the nickel prospect with Endeavour as the main partner, 160 miles south-west of Kalbarri: "Again one of those teasers with enough tonnage, and a decision on the next stage scheduled for after this season's drilling."

Of Mount Newman, the Pilbara iron operation in which Amax is a participant and marketer, "Mount Newman will come out of the current sales negotiations reasonably well" with its scope for expanding capacity without enormous extra capital. He dismissed as "nonsense—bogymen talk" claims that new iron ore projects would be launched on the basis of a two-tiered pricing system, with prices rising to get new mines into operation as the basis for long-term Japanese steel industry planning.

Arab funds
Mr. MacGregor was enthusiastic about the idea of Western Australia's premier, Sir Charles Court, for having Governments borrow internationally for resource industry infrastructure. But he warned about over-enthusiasm regarding Arab petrodollars. "Arabs, he said, are not very profigate with their money. Like the Scots, they are very, very good business men, far more able and conservative than they are given credit for."

Mr. MacGregor attributed the collapse in the price of gold to the fact that "Russia can't feed itself" and had to sell gold heavily to finance grain purchases on top of the depressing effect of the international Monetary Fund rescue of the dollar. He added that the Conzinc Riofinto of Australia, which in turn, is 80.7 per cent owned by RTZ.

Coal prospects
In a wide-ranging discussion perhaps his most optimistic comment concerned a new project centred on coal. After having missed on the New South Wales Warkworth coal deposit, he said, "Amax was looking at 'one of two of the consolation prizes' as well as steaming coal deposits in Queensland near Brisbane around Millmerran. It seemed feasible, Mr. Mac-

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STOCK EXCHANGE REPORT

Rally in Gilts and equities after initial reaction

Share index 1.2 up at 367.1, after 363.4 at 2 p.m.

Account Dealing Dates
Option
First Declared Last Account
Dealings Dealings Day
July 12 July 22 July 23 Aug. 3
July 26 Aug. 3 Aug. 6 Aug. 17
Aug. 9 Aug. 19 Aug. 20 Sep. 1

The two main sectors of stock markets, British Gilts and equities, made a useful rally after losing ground in the earlier session. Yesterday, initially, sentiment was not helped by a rather uninspiring week-end Press, while a broker's circular forecasting that the Government is unlikely to reach its target of cutting the rate of price inflation to 7 per cent. by the end of next year was an additional bear factor.

Falls ranging to around 1 in Gilts were pared to 1 by the close and the Government Securities Index ended only a shade easier (100.7) at 61.00. Leading equities were marked down a few points so at the start, but very little stock came on offer and with a few "cheap" buyers making an appearance in the late afternoon prices quickly recovered to close slightly better on balance. The FT 30 share index which breached its "low" for the year of 363.4 with a fall of 0.5 at 2 p.m., ended a net 1.2 higher on the day at 367.1. The marked turnaround mainly reflected bear coming in the thin and sensitive trading conditions.

There were few movements worthy of note in secondary issues and the overall easier trend was shown in the 3-2 ratio of falls to rises. In FT-quoted Industrials and a lot of 2 per cent. to a new "low" for the year of 130.42 in the FT Actuaries All-Share Index. Dealings are expected to start to-day in

Thomas, Northwick at a 10 to 15 discount on the Ordinary Shares which were issued at 80p.

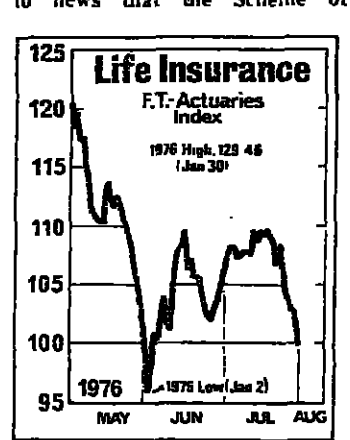
The small reduction in many U.S. Prime rates coupled with hopes of improved U.K. investment prospects later this year made no impression on British funds. The opening tendency was dull and more ground was lost as stock appeared at the lower end of the market. This was gradually absorbed, however, and some cheap buying developed late, which coincided with the harder trend in sterling. As a result, lower among the mediums and lower were finally trimmed to 1, while closing movements in the shorts were mixed. The short "lap," Treasury 91 per cent., 1981, settled 1/2 easier at 1/2, after 91 1/2. G.T. Asia (Steel) Preference made its debut among recently-issued Fixed Interest issues, opening and closing at 100, or 1 discount on the issue price of 110.

An early rally in the premium on investment currency failed to hold and the rate, after improving to 101 1/2 per cent., moved lower to 99 1/2 per cent. before closing a net 1/2 down at 100 per cent. Yesterday's S.E. conversion factor was 0.7214 (0.7201).

After last Friday's poor debut, Mollins softened 2 more to 10p to leave a discount of 10p on the offer-for-sale price. Last week's other depressed, newcomer, Hambro Life Assurance, saw little business, again but, after opening a shade easier at 20p, showed a modest recovery to 20p for an improvement of 2 on the day.

ANZ rise
With the interim dividend season now out of the way, business became very quiet in the big four home Banks yesterday; prices declined a little easier before turn-

ing up a shade towards the close. Barclays finished 3 cheaper at 25p and Midland 2 softer at 25p, after 25p, but National Westminster, 20p, after 20p, and the new mid-piled, 1p premium, after 13p premium, showed net gains of a penny. Lloyds, after last week's fall of 3p, opened firmer at 20p before ending the day unchanged at 19 1/2. Australia and New Zealand Banking closed 12 up at 48p, after 47p, in response to news that the Scheme of



Arrangement to effect the change of domicile to Australia has now been sanctioned by the High Court. Elsewhere in Overseas issues, however, National Bank of Australasia, 25p, and Standard Chartered, 35p, both declined 1p. Fidelity (Investment) Preference on offer, the Ordinary finishing 2 easier at 17p and the "A" a penny off at 12p. Leading Stores closed firmly, after a reasonable trade with Marks and Spencer finally unchanged at 89p, after 88p. Shoes had G.O. Oliver "A" 2 off at 21p and Garbar Scotland 4 cheaper at 68p.

After looking slightly easier in the early stages, leading Elec-

tricals turned firmer late to leave small net gains, where changed. After the chairman's statement, GEC, after the chairman's statement, with the full report, were finally 2 up at 147p, after 144p, while Plesey, closed similarly firmer at 76p. A dull exception, however, was Philips Lamp, which recorded a loss of 10 at a low for the year of 82p; the second-quarter results are due to be announced August 17. Elsewhere, sound news improved 2 1/2 to 2 1/2 in a thin market on news of the company's new financing facility for leased equipment which was announced with the poor results. BSR hardened 3 to 39p, after 36p, after 36p, while Rascal Electronics closed 2 cheaper at 198p, after 197p, low of 184p, while Unitech, ahead of today's results, softened 3 to 51p. The Japanese Sony were also dull, losing 30 to 73p.

Engineers were a good example of the general trend with most secondary issues easier where and with the leaders attempting to move better. GKN, for instance, closed 3 higher at 309p, while Tube Investments were finally unchanged at 214p, after 214p, and Vickers similarly unmoved at 410p, after 410p, after 410p. Included in the 13p and 10p, 13p, while R. Cartwright were marked 3 easier to 33p. Derwent Stamping lost 2 to a fresh low of 12p, after 12p, and Mining Supplies gave up 1 to 23p, the latter despite the increased dividend and profits. Press advice on the bid situation helped Beyer Peacock gain 1 to 23p, and Associated British Engineering were marginally harder at 61p after the improved results. Against the trend in Shipbuilding, Swan Hunter put on 1 to 33p.

Wearwell provided a dull spot, closing 3 cheaper at 19p following a reasonable turnover; the preliminary figures were announced on July 19 last year. W. H. Smith "A" reacted 4 to 34p, after 34p, while Steenberg, reflecting the trading deficit, eased a penny to 21p, after 21p, and remained on offer. The Ordinary finishing 2 easier at 17p and the "A" a penny off at 12p. Leading Stores closed firmly, after a reasonable trade with Marks and Spencer finally unchanged at 89p, after 88p. Shoes had G.O. Oliver "A" 2 off at 21p and Garbar Scotland 4 cheaper at 68p.

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FINANCIAL TIMES STOCK INDICES

	Aug. 2	July 30	July 29	July 28	July 27	July 26	July 25	July 24	July 23
Government Securities	61.90	61.97	62.08	62.03	61.85	61.69	60.90		
Fixed Interest	61.87	61.66	61.57	61.49	61.48	61.68	61.60		
Industrial Ordinary	367.1	365.7	370.6	375.4	373.7	370.7	368.7		
Gold Mining	110.5	113.7	113.9	125.3	125.1	116.5	137.9		
Ord. Div. Yield	6.92	6.92	5.93	5.98	5.91	5.94	7		
Earnings Yield	17.81	17.83	17.27	17.11	17.32	17.29	20.00		
P/E Ratio (most current)	8.46	8.45	8.58	8.69	8.60	8.57	6		
Debtless market	4,103	4,095	5,949	4,089	4,978	4,472	64		
Equity turnover of E.	-	48.21	39.89	39.95	40.23	44.11	23		
Equity turnover of M.	-	10.49	8.69	9.94	10.26	11.01	6.8		
Equity turnover total	-	-	-	-	-	-	-		
10 a.m. 36.6	11 a.m. 36.6	12 p.m. 36.6	1 p.m. 36.6	2 p.m. 36.6	3 p.m. 36.6	4 p.m. 36.6	5 p.m. 36.6		

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